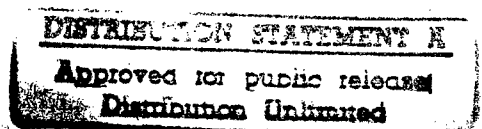


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West Europe Report



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PROSPECTS FOR UNITY, SUCCESS FOR GREEN PARTIES

Zurich DIE WELTWOCHE in German 7 Aug 86 p 8

[Article by Inge Santner: "Austria's Disorganized Greens Want to Enter Parliament United"]

[Text] The Third Force

Austria's Green groups and splinter groups have made common cause. Together, they want to become the third force of the Alpine republic. They have a fairly good chance of achieving this: unless they once again split up into factions, it would be quite possible for them to overtake the FPÖ which currently ranks third. This would be the more sweeping change of the Austrian political system in 30 years.

The oath of allegiance has been sworn, the Greens' pact has been signed, the chaos of small groups has become somewhat more penetrable. Austria's environmental protectors, civil rights activists and advocates of political alternatives who seemed hopelessly at odds only yesterday, hope to march--or at least stumble--into the spring 1987 parliamentary elections like a great brotherhood.

"We are marching side by side," gloats Green guru Guenther Nenning. "The country is waiting for us. We will become Austria's 'Third Force'."

Is he exaggerating? Not necessarily. Unless the formless mass once again splits up into a plethora of sects, it does indeed have good prospects during the next elections of overtaking the present number three party, the FPÖ, and to achieve what would be the biggest change in Austrian politics in about 30 years. Pessimists among the camps of the SPÖ and the ÖVP are already counting on 15, maybe even 20 Green delegates.

The Green movement's biggest handicap has in the past been its failure at unification. Rather than dealing with their adversaries, the protectors of the environment prefer dealing with like-minded people, and only secondarily with others--and then mostly in a hostile manner.

Even their hasty beginnings degenerated into chaos. It occurred in the summer of 1982, when Hamburg's Alternative List grabbed a sensational nine seats in the Landtag elections and briefly caused the established parties a major upset. The many Austrian Green-tinted clubs and associations hoped for the same type of surprise win. Still wet behind the ears and totally at odds among themselves, they leaped into the 1983 election campaign.

Literally from one day to the next they founded three dozen new parties which they called all manner of faintly appropriate names, some of them even in duplicate. All at once Austria had, apart from all kinds of Green platforms, unions and fronts, a "Green Movement," as well as "The Green Movement;" a "Party of those without a Party" as well as a "Non-Party Party" and two "Parties of Non-Voters.

Observers of the Green scene justly referred to the participants as "a bunch of exotics" (DIE PRESSE). Among the ambitious founders of parties there were indeed some grotesque characters, among them a former porno filmmaker, an old-time Nazi and a self-declared admirer of Khomeini, who professed to be living in turn in Munich working as a hypnotist, at the Egyptian-Sudanese border as a hermit, in Styria as an organic farmer, and atop the 2693 meter Zugspitze as an astronomer. The Green spectrum, which was allegedly the common denominator, extended in effect from darkest black to deepest red, with a goodly number of brown inserts.

In contrast to the German newcomers, who took 3 years to get organized and then proceeded to win elections, the Austrian ones tried to win elections first and organize later. There was no way in which this could work. In a coalition, the two new parties which eventually became parliamentary candidates, the conservative-oriented "United Greens of Austria" (VGOe) and the leftwing-anarchist "Alternative List of Austria" (ALÖe) would very likely have succeeded in crashing into the parliament. Separately, however, they failed despite the respectable total of 160,000 voters, who would have accounted for seven seats.

Nor did the next few months see an end to this internecine warfare. On the contrary, there were endless conferences, screaming sessions, chairman firings, faction conspiracies, housecleanings. As the KURIER jokingly stated at the time, "the only difference between this and policy fights in the Albanian or South Yemen communist parties is the fact that during their meetings no firearms come into play."

Nowhere in sight was a unifying personality of the stature of Petra Kelly. Nobel Prize winner Konrad Lorenz, of wild goose fame, wanted no part of it--he considers any Green party as being a contradiction in terms, "inasmuch as protection of the environment is a necessity and not a subject for party policy." The painter of spirals, Friedensreich Hundertwasser-Regentag could not be seriously considered since he spent too much time in foreign countries or in the compost toilets of his green [painted?] roofs.

Some commentators dismissed the phenomenon of the summer of 1984 out of hand, but prematurely. The Austrian Greens seemed to have disappeared, died after a short but tumultuous life. Lacking such inflammatory causes as Brokdorf, Gorleben or NATO counterarming, they had no opportunities for public appearances.

But only a few months later, in December 1984, the crowd which had been believed dead and buried underwent a glorious and probably decisive renaissance. Since that time, it has been considered the most interesting factor of domestic politics.

Abiding in this rebirth were specifically those politicians who were in fact the least interested in doing so--the ministers of SPOe Chancellor Fred Sinowatz. Their careless decision in favor of the Hainburg Danube power plant provided the Greens with a popular cause which they had so sorely missed previously. Finally they could play the role of environmental protectors who could be taken seriously.

Their proclamation for saving the "last undisturbed meadowlands in Europe" found an echo from tens of thousands of nature lovers from all political camps, mostly students, but also from laborers, cantankerous intellectuals, and animal-loving grandmas.

Unity is Mandatory

The Hainburg meadows were also the locale where the confused Greenery found two cult figures who, while not necessarily statesmen, are suitable for engaging in practical politics: Guenther Nenning and Freda Meissner-Blau.

Nenning, 65, former president of the journalists' guild, is the "grandpere terrible" of Austrian Marxism who projects an image of great vanity and equally great intelligence. He knows all the tricks of conducting negotiations, loves dealing with great ideas, and possesses sufficient stage presence to be well accepted by the young people. He is, in other words, eminently well suited to reduce the numberless Green warriors to their common denominator.

Freda Meissner-Blau on the other hand, also a product of the Left, sees herself as the Joan of Arc of the political protest potential, which no longer has anything in common with the tired officials of the major parties. Though close to sixty, she makes good use of her attractive appearance. "She is not only beautiful, but also really brainy; she does not do anything she does not firmly believe in," enthusiastically comments author Erika Molny. Austrian TV commentator Barbara Coudenhove-Calergi sees her as "a mixture of a real lady and Mother Courage."

Inasmuch as the Battle of Hainburg ended in a clear victory for the unified meadow protectors, even the most oddball individualists among the Greens realize that unity is mandatory. This of course is easier to demand than to bring about.

Things went relatively smoothly in the presidential election. When Freda Meissner-Blau campaigned for the top job of the republic, along with Kurt Waldheim, Kurt Steyrer and Otto Scrinzi, she gathered all the Green votes almost automatically. Ideological differences of opinion were not a factor anyway; a rejection of the dreary establishment was to everybody's taste, as was the demand for full equality for women. In the radioactive Chernobyl rain, white-haired Freda was the candidate of choice for all the little Green splinters, without exception, regardless of whether they were conservative or Marxist, on the extreme right, the extreme left, or entirely outside.

The result: a "lovely, immeasurably satisfying success story" as Freda Meissner-Blau puts it--almost a small miracle. The home-grown election campaign, lacking direction and funds, resulted in a sensational 259,471 votes for the Greens, or 5.5. percent of the total, putting them into an

excellent position for the forthcoming National Council elections. Provided, as stated above, that there is unity. However, National Council elections are not the same thing as presidential elections. Ideology plays a big part here; conflict situations proliferate daily.

Actively supported by established Salzburg civil rights activists Herbert Fux and Johannes Voggenhuber, Guenther Nenning serves as a full-time itinerant preacher of peacefulness, his slogan being "The mule must grope its way in the fog." He implores, calms, mothers the excitable young troops and indeed uses the patience of a mule in an effort to mold the incredibly variegated mass of Green voters into some semblance of a collective political party.

Some progress, however unsteady, has indeed been made. A well-prepared "unity congress" will take place in "historic Hainburg" on 25 and 26 October, during which the verbally agreed-upon pact between the "United Greens of Austria," the "Alternative List of Austria" and Nenning's own "Citizens' Initiative Parliament" (BIP) is to be signed. Nenning is hoping for others to join up also.

It is obvious that the program for such a marriage of convenience between heterogeneous partners cannot turn out to be exactly succinct. It proclaims "Unity in Diversity," whatever that may mean, and resembles a Swiss cheese with an overabundance of holes. Real fusion appears impossible for the near future, since the leftwing fellow travelers aim to overthrow the entire social system, while the rightwingers are more interested in building wider driveways to their suburban villas.

There is not even agreement about whether or not to become a part of the government. Johannes Voggenhuber regards any type of a coalition as spelling "the death of the Green movement." Guenther Nenning on the other hand is in favor of "taking political responsibility," and visualizes limited cooperation with the established parties.

But what good is all that? Differences of opinion of that sort are of little practical significance anyway. For their part, neither the OeVP nor the SPOe are interested in flirting with the Greens. The problems of the next legislative period are much too important to them to be entering into a coalition with the unpredictable political novices. Both Franz Vranitzky, the present Red head of government, and Alois Mock, tomorrow's potential Black federal chancellor, prefer putting their trust into cooperation between the two big parties.

And in the end, this is beneficial--for the Greens as well as for Austria. Vienna already has an overabundance of parliamentarians who have become smug and lazy as a result of being in power. An opposition by the united Greenies, who it is hoped will remain united, would provide a new opportunity for the tired red-white-red democracy.

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CONSERVATIVES MEET, PLAN OPPOSITION STRATEGY FOR FALL

Helsinki HELSINGIN SANOMAT in Finnish 5 Sep 86 p 10

[Article: "Conservative Group Threatens Interpellation in Fall"]

[Text] Rovaniemi--Chairman Ulla Puolanne of the Conservative Party's parliamentary group alluded to the weapon of interpellation in opening the group's summer meeting on Thursday in Rovaniemi.

According to Puolanne, the Conservative opposition may exercise its parliamentary rights in the fall by means other than initiatives and protests.

Puolanne would not consent to disclosing the subject of a possible interpellation. However, there are many subjects of an opportune nature for the opposition, from the growth of unemployment to general economic policy.

The Conservatives have introduced two interpellations during the present election term: one on the 1984 youth and family policy and one last spring on the government's handling of the Chernobyl incident with regard to informing the public.

Otherwise, Chairman Puolanne had outright difficulties in attacking next year's budget proposal, which was just made public by the government. Puolanne had to admit that "the budget's areas of emphasis are even acceptable to the Conservatives".

Puolanne enumerated the budget's positive aspects: an increase in the upper limit of the child care deduction, increasing the property tax deduction, and increasing reserves for research as well as education. But she also found things to criticize. Puolanne considered it Pharisaism that the government compares the final sum of its budget with the state's cash payments for the current year or with the actual budget including supplementary budgets.

In Puolanne's opinion, the only correct point of comparison is this year's actual budget since several supplementary budgets will be compiled next year also. Puolanne said that Esko Ollila is continuing Ahti Pekkala's series of seven budgets since, calculated in this way, next year's budget proposal will

mean a 5.5-percent real increase in expenditures in comparison with the current year. In the years 1982-1986 the state's real expenditures increased slightly more than 5 percent annually.

"Budget Is Unrealistic"

Mauri Miettinen, the group's vice-chairman, and Pertti Salolainen, chairman of the finance committee, criticized the government's budget proposal even more severely than Puolanne did. According to Miettinen, the budget proposal is overly optimistic, unrealistic and, in addition, it will not promote employment.

Salolainen argued that the government's economic policy will fail in two issues: the government has not remained within the objective that the tax scale cannot be raised by more than 1 percent by the end of 1986. Also the government has not been able to restrain unemployment.

"Small and medium-size enterprise did not actually receive anything in this budget proposal either," stated Salolainen in referring to their importance as providers of employment.

Puolanne also criticized the government for the fact that it completely forgot other smaller businesses while remembering the exchange-listed companies.

Puolanne complained the most about postponing the marginal tax reform. "Changing the tax structure seems to be an overwhelming task for this government," she said and reiterated the Conservative Party's traditional marginal tax goal: at least half of a worker's wages should remain in the hands of the worker.

In the budget stand it adopted, the Conservative Party's parliamentary group stated that Finland's economic situation is considerably more serious than one would like to admit. According to the stand, with the economic policy it is implementing the government is primarily responsible for the fact that in the money and interest markets there now prevails an unstable situation which is particularly fateful for small and medium-size businesses in a weak financial position.

Objections to Parliamentary Ombudsman Deals

The Conservative Party group also discussed the elections facing the parliamentary ombudsman. When Jorma S. Aalto (Center Party member), the previous holder of this position, was appointed the new Attorney General, as far as is known, an agreement was reached between the Center Party and the Social Democrats that Olavi Heinonen (Social Democrat), a member of the Supreme Court, will be the new ombudsman. The Conservative Party group has strongly disapproved of such a deal. In addition, the group considered it inappropriate that the Social Democrats completely control the office of the ombudsman and, correspondingly, the Center Party controls the office of Attorney General.

Assistant Ombudsman Klas Ivars is a member of the SDP and Assistant Attorney General Jukka Pasanen is a member of the Center Party.

The meeting of the Conservative Party's parliamentary group will continue today on Friday. The group's position on employment legislation, among other things, will be adopted today.

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PRESIDENCY ISSUE ROILS POLITICAL WATERS

Sartzetakis Statement

Athens I KATHIMERINI in Greek 19 Sep 86 p 1

/Text/ The president of the Republic gave categoric assurance of his (self-explanatory) obligation to serve his full 5 year period in office in a conversation with reporters who accompanied him during his official visit to the People's Republic of Germany.

The new declarations of Mr Sartzetakis gave the impression in terms of content and fact that the president of the Republic has assumed the defense of his prestige, evidently not being happy by the coverage provided by the government. What made this evident is that Mr Sartzetakis did not limit himself to conveying the assurance of Mr Papandreou (that he was elected for 5 years), but went further, stating that he is not willing to play with the institutions.

Warning

Note that the likelihood Mr Sartzetakis will resign from the presidency before his time is up (March 1990) in favor of Mr Papandreou for the most part had been published in newspapers as a scenario promoted by the prime minister.

The scenario also has been denied by the prime minister who even appealed that the function of the institutions be maintained. The fact that yesterday Mr Sartzetakis recorded but also went beyond the assurance of the prime minister gave the presidential declaration not so much a character of denial as much as a warning in every direction.

About "Presidency Speculation"

Besides, with his statements yesterday, Mr Sartzetakis returned to the subject of disorienting public opinion through speculation on the presidency, somewhat changing his position as stated last Monday. While at that time he avoided to define the source that is directing the speculation on the presidency, he asked the reporters yesterday to judge whether the speculation on the presidency is a "disorientation operation".

Sartzetakis' Declaration of Independence

Athens I KATHIMERINI in Greek 20 Sep 86 p 1

President Mr Khr. Sartzetakis surprised us again during his return from East Germany with his new statements. It is the second "open conversation" with reporters who accompanied him, this new "kind of opening" to the press that he established during his trip to East Berlin.

The immediate target of the second "presidential confession", within a few days and characteristically revealing, made to the reporters was, naturally, the categoric assurance of Mr Sartzetakis that he will stay for his full 5 year term. "It is not a matter of planning, he said, for me to stay for the full term. It is a matter of duty". He added with emphasis:

"Sartzetakis was elected for 5 years as the prime minister also repeatedly has stated. And not of course because the prime minister said it. It is a matter of institutions. Understand it. Come to the presidential palace and take my photograph on 31 Mar 90."

Open discussion with an open invitation for longevity but with a certain time limit. Nevertheless, as a fact and on the basis of its specific content, in form and expression, this categoric statement of Mr Khr. Sartzetakis, even though it is self explanatory, leaves the impression that the president of the Republic has decided at this point to assume the defense of his prestige as leader of the nation. Even though he cites the prime minister's assurances regarding his serving his full 5 year term, evidently in any case he is not satisfied with the coverage provided for him by the government whenever "subjects" are published in the press against him. And they are published often and indeed primarily by pro-government newspapers. Such as, for example, the familiar scenarios that Mr Andreas Papandreou will move from the Maximos Building to the Presidential Palace, at least topographically the distance is minimal, before Sartzetakis' 5 years are up, etc. etc.

So it is correct to describe or rather it is correct to interpret the categoric assurance made by Mr Khristos Sartzetakis the day before yesterday also as a warning in every direction, since anyhow, the president of the Republic, even though he refers to the assurance of Mr Papandreou, surpasses it and goes even further.

We would add something else to these evaluations. That 17 months after he was sworn in, Mr Sartzetakis, while performing the duties of the leader of the nation, becomes different, apostatic and independent of the protection of the government that picked him and elected him with the support of its former at this point supporters: "other democratic forces".

We believe that this move toward independence is the most important element in the presidential assurance made the day before yesterday.

Papandreou's Reported 'Escapism'

Athens 1 VRADYNI TIS KYRIAKIS in Greek 7 Sep 86 p 14

/Article by Titos Athanasiadis: "The Escape 'Syndrome' "

/Text/ "I can't any more....I can't take it. Do what you can." (A. Papandreou to the ranking officers of his office. Friday, 29 Aug 86.)

Rarely has a prime minister of Greece come to such a point of despair as became obvious from the phrase he said last Friday night when the Presidency of the Republic, through Mr Papakarya, bothered him with a telephone call from Khalkidiki to ask him to intervene with Channel 1 so that they would air the entire text of Mr Khr. Sartzetakis' speech to the fathers of Agion Oros.

The spontaneous reaction of Mr Papandreou to the pressure from the Presidency of the Republic is not only revealing simply of the unpleasantness it caused the prime minister because of the peculiar attitude of the supreme leader.

It also reveals the general psychological condition to which the president of the government has come because of the continuous "annoyances", "refusals" and "differentiations" of the tenant at Irodou tou Attikou that have made so difficult the relations between the two leading factors of the regime to have caused repeatedly talk about "friction".

The New Laocoon

The truth is that never before in peacetime has the prime minister of this country had to face so many complex problems that he himself created as Mr Papandreou.

Especially since last summer, these problems "are drowning" the prime minister like another Laocoon. The state of the economy of the country has worsened to a dangerous point. The disagreements on how to cope with this have multiplied. And in order to tame the situation, Mr Papandreou removed first class officials from the government and the party, headed by the former "tsar" of the economy, Mr Ger. Arsenis.

The course of frugality that he imposed later enraged the people and aroused labor union and party officials of the base that were handled in a raw manner by a party that boasted it was democratic.

His Disciplinary Council was transformed to a committee that reminded us of the time of the "Spanish Inquisition" and "Stalinism". The victims were sent to hell before they could defend themselves, without being called to speak for themselves.

Consequently, the autocracy of the leadership caused new centrifugal tendencies until it imposed itself. Because finally, of course, the leadership imposed its view on those who remained after the "exemplary" purging of the dissenters.

And all this while the general social turmoil was coming to a head.

There were, however, other matters of equal importance that brought the simple followers of PASOK in contrast with the leadership and the intense creation of problems to Mr Papandreou. The revelations regarding the luxury and extravagance of the leading officials of the government, the ministers and the officials of the movement. The scandals that involved second and third rate "wheels" of the "green train", the scandals of AFREX /Greek Agricultural Products Export Company/, the Farm Cooperatives, PYRKAL, DEI /Public Power Corporation/, and a multitude of other government companies and organizations.

The intraparty intrigues that led to the detachment and dissolution of the "troika", by the demotion of Mr Gennimatas, the removal of Mr Mangakis and Mr Laliotis from the government, the displacement of Mr Koutsogiorgas by Mr Tsokhatzopoulos, the litigation against the ministers (Papadimitriou, Tzounakas) etc. Facts that by now have convinced us that "the train is not pulling".

The "Sun" Sets

The "legend" that Mr Papandreou created for ten years about himself and the "myth" his followers developed about him are declining. The sun of PASOK is retreating. And its rays are being extinguished one by one by the shadow of the continuously arising problems.

Papandreou no longer is convincing as the "magician" who will revive the economy. Dark thoughts are made that he might prove to be its undertaker. And PASOK is turning into a comet.

After he traced an amazing orbit shining upwards, he has now taken a downward direction being extinguished at an accelerated pace.

The "Limits of Endurance"

Consequently, the "explosion" of the prime minister because of the episode with Mssrs Sartzetakis and Papakaryas is explicable. It is not, however, justified.

It is explicable because those in power are humans with all the human weaknesses and faults. And especially with "faults" of "limits of endurance" and the manifestation of psychic phenomena related to the "organization and coordination of the nervous functions of their bodies".

It appears that Papandreou at this point lacks the necessary stamina to cope with so many problems. And the worse thing: he is possessed by escapism as expressed either by putting the blame on others ("do what you can" "I acted simply as president"), or by trying to move the attention of public opinion to other matters (e.g. the movement for peace and disarmament).

The ability of Mr Papandreou to put the blame elsewhere is unique. One has just to remember that he always would put the blame for economic failures on other shoulders (Lazaris, Dretakkis, Arsenis).

Besides, one could claim that the transatlantic trips of the prime minister to Mexico, Canada, the Azores and his wanderings in China, India, Singapore etc. is an acute expression of escapism that he has and that caused him the explosive internal problems that he and his collaborators created.

The "escape syndrome" leads the politician to divest himself of power. To what extent this is the wish of Mr Papandreou is unknown, at least at the present time. The appearance, however, of various scenarios, especially in the press that favors him, stresses the hypothesis of his desire to divest himself of power.

The most prominent positions in the circle of these scenarios are held by the speculation on the presidency (the "scenario" that Mr Papandreou is aiming for the Presidency of the Republic), the alleged "conspiracy" of the Right and the USA for a "government of national salvation", and the monstrous "report" that saw the light of publicity in a newspaper controlled by Kastro that it is possible for Mr Papandreou to be proposed as General Secretary of the United Nations!

Keeping in mind that the present Secretary General of the United Nations, Mr Cuéllar, is leaving in September, it is easy to realize that the report regarding the thoughts about Mr Papandreou is "coordinated" with the time that follows the municipal elections. A time when the problems will be multiplied for the prime minister because of the expected unfavorable electoral result and the programmed new tough frugality measures that will further aggravate the popular wrath and inevitably will reinforce Mr Papandreou's tendency to escapism.

Therefore, if the report of the progovernment newspaper becomes reality, Mr Papandreou's escapism would have worked entirely as a catalyst.

9346

CSO: 3521/4

PASOK, ND CASTIGATED ON DIVISIVE TACTICS

Athens AKROPOLIS in Greek 7 Sep 86 p 1

[Text] Never indeed was the exercise of power--especially in the two large parties--so divisive as in the present Greek political scene.

What do we mean? Very simply, what we have seen--to cite an example--last week: on the one side we saw Papandreou unequivocally threatening PASOK cadres during the party's Central Committee meeting when he said that "whoever disagrees should walk out," or "he should desert the train." On the other side we saw Mitsotakis scolding Varvitsiotis in the ND Executive Committee for the position he has taken on the simple proportional [electoral system] and the need for national cooperation. In other words, in the behavior of both sides we have ascertained a coincidence in the manner, perceptions and tactics used to lead the two parties.

Papandreou rejects any proposal for national cooperation and political consensus, characterizing them as "interactions of rightist circles" and believing that it still possible for him alone to govern and for him alone to face the great national problems...It is his business and his right to insist on self-illusions regardless of how dearly the people have paid for them and may still pay more dearly if we do allow such demagogies to prevail as a result of our tactics.

What concerns us is the policy ND follows and the Mitsotakis decisions and notions. It is a fact that he too hopes and believes that he is capable of winning by himself the elections, castigating at the same time the party members who support national cooperation that they provide help to the PASOK bankruptcy. We shall not overlook the fact that there is logic in such notions.

Since Mitsotakis made his decisions in the face of the forthcoming municipal elections, we will remain by his side for the good of the country and for ND victory. But we will disagree with his characterizing as suspicious and helpful to PASOK the supporters of national cooperation.

Whether we agree or disagree with the need for national cooperation it is not feasible to discuss it presently since, for better or for worse, Mitsotakis chose the ND electoral policy and also assumed its responsibilities.

Whether he is right or wrong it will be demonstrated by the municipal elections which will also determine future decisions.

We must say, however, that the champions of national cooperation think and act the same as Mitsotakis does for the good of the country and ND. For this reason the characterizations about support to PASOK--by these champions--are very unfortunate. Therefore, a different mentality is needed in the intra-party discord. While in the case of Papandreou any autocratic and anti-democratic behavior lies within the framework of the totalitarian logic of the PASOK movement, a similar logic should not be permitted to prevail in ND which is a pre-eminently democratic, pluralistic party where polyphony and dialogue should reign. Moreover, this is the basic message we aim to pass on to the people--that indeed we are the opposite of the PASOK authoritarianism from which we want to be freed.

Therefore, just as there is logic in the Mitsotakis assessments, so is there also logic and concern in those who support national cooperation and the simple proportional electoral system. They, of course, believe that responsibility for today's multi-dimensioned crisis through which the country is passing lie heavily and exclusively on government irresponsibility, just as responsibility for getting out of the crisis lies heavily on both the government and the major opposition.

It is for this reason that supporters of national cooperation disagree with the divisive policy of the government and the electoral systems which lead to polarization.

7520

CSO: 3520/3

BRIEFS

PAPANDREOU SON'S ALLEGED ANTI-EEC STANCE--Referring to information circulating in recent months, according to which Giorgos Papandreou stated that a strategic goal of the PASOK movement is Greece's departure from the EEC, honorary ND Chairman Evangelos Averof made the following statement: "Given the fact that this is a member of the government who is the prime minister's son, and also the fact that this sound of the bell has been heard from other PASOK sources, the deputy minister of culture must immediately clarify his stance on the issue of Greece's remaining within the EEC. It is in the EEC that the Greek economy has found support in recent years, and it is to the EEC that it is looking today in order to emerge from chaos. Even the most minimal reservation is not allowed on this important issue by a member of the government." [Text] [Athens I VRADYNI in Greek 12 Sep 86 p 3] /9365

PAPANDREOU'S DISDAINFUL STANCE CRITICIZED--Sincerity was not Mr Papandreou's only quality during his stay in Salonica. He also demonstrated that, as a true Greek, "he proudly resents criticism and rejects opposition." Every time that an opposition newspaperman (from the right and the left) dared to ask a question, the prime minister put him in his place: he would answer him disdainfully, addressing him in the singular (the Greek singular denoting the majesty of the speaker), threateningly shaking his finger at him with an ironic smile. The words were spoken slowly, the tone went up at those points signifying his rejection of the argument, the small esteem in which he held his interlocutor and his derision of the questioner, who was being faced, not as a newspaperman, but as the embodiment of Mr Mitsotakis, Mr Florakis, Mr Kyrkos: Mr Papandreou was intentionally offending the leaders of the other parties and not the newsmen. To the latter he was showing he is street-wise, a heavyweight and impossible to face. The many photos that have been published of Mr Papandreou and his followers dancing Greek popular dances as if in ecstasy have convinced us that he is a man of the people. Further proof through television is indeed unnecessary. [Text] [Athens ANDI in Greek 12 Sep 86 p 8] /9365

CSO: 3521/10

WILLOCH SEEN EAGER FOR FALL SHOWDOWN WITH LABOR GOVERNMENT

Attacks Government on Economy

Oslo ARBEIDERBLADET in Norwegian 6 Aug 86 p 6

[Article by Oivind Nielsen: "Willoch is Ready for the Fight"]

Kare Willoch is currently rolling up his shirt sleeves and getting ready for his role as the leading opposition leader in this fall's great political test of strength--the national budget for next year. The main message is this: "We want cooperation regarding changes in the tax system and the economic arrangement for next year, but with clear conditions."

The previous Prime Minister told the young party cadres at the Young Conservatives' so-called elite course in Reistad near Drammen yesterday: "The non-Socialist government had decided to continue the tax reform work in the national budget for 1987. We wanted to work together with the opposition in this regard. After the change in government the discussions between the Labor party and the three non-Socialist opposition parties did not continue. We are willing to meet again if the government wants cooperation."

Compromise

At an informal press conference after the meeting with the Young Conservative elite Willoch was asked which basic prerequisites must be present for the government and the opposition to be able to reach a broad compromise regarding the tax policy and the economic retrenchment measures in the national budget. His answer indicates a hard tug-of-war when the Storting will start its budget discussion in October.

"We will agree to a certain increase in that part of the income taxes which is calculated from gross income, i.e. before deductions on the tax return. But this presupposes a larger reduction of that part of the tax which is calculated from net income, i.e. after tax deductions. In other words, the marginal tax must come down, so that we can get equally high revenues for the state with lower tax percentages than now."

According to Willoch it is the attempt from the Labor Party's side to carry out only the first part of this operation--and there the result will be increased taxes which the Conservatives do not want to go along with. He also

warned against proceeding to fast in changing the tax system to avoid unintended side effects, and he emphasized that one must avoid tax changes which hinder efforts and initiative. On the other hand, Willoch would agree to certain tax increases which reduce consumption.

As to the other main features in the economic arrangement for 1987 Kare Willoch considered it crucial that the economic cuts must also be directed against public consumption.

Warns Christian People's Party and Center Party

"I want to warn against promises to shield one public sector after the other. The politicians must take their share of responsibility, not only send the bill over to the taxpayers. We do not do people a service by preparing for a national budget which only makes it worse for them later," said Willoch, and at the same time issued the following warning to his partners he works with:

"I must admit that I get concerned when I see how also individual non-Socialist politicians continue to make promises for an increased use of funds which are no longer there."

In response to the question whether he was referring among others to the previous Assistance Minister Reidun Brusletten's warnings to the Labor Party not to touch foreign aid, he said:

"I see no reason to mention political colleagues. But it is clear that if we use more for foreign aid, we have to borrow more abroad. If we borrow too much, we can end up in a financial crisis in a few years from which it could be difficult to get out of again."

Says Labor Deceived Voters

Oslo ARBEIDERBLADET in Norwegian 6 Aug 86 p 6

[Article by Oivind Nielsen: "Willoch Comes Out Against Labor Party: Deceived Voters"]

[Text] "The Labor Party promised explicitly to carry out its guarantee to the voters regarding expensive reforms, even if the oil prices should fall. They must have understood that this was impossible, but promised it anyhow. Therefore, one must state that the Labor Party pulled the wool over the voters' eyes before the change in government," former Prime Minister Kare Willoch told the press after his speech at the Young Conservatives' elite course at the Conservatives' school yesterday.

Kare Willoch called this a planned break of promise, and maintained that it is quite incorrect to say that it is the increase in consumption in 1985 which makes it impossible to fulfill their election promises.

Disinformation

He accused the Labor Party of spreading disinformation regarding the development before the devaluation, which he called unfortunate:

"The Norwegian economy was strenghtened considerably during the Conservatives' government period, but the fall in the oil price has sharpened the risk for a deep, serious economic crisis. The currency reserves were also strenghtened considerably. They were large, and much larger than when we took over, since the fear of a Labor Party government and later the change in government deepened the mistrust of the value of the Norwegian kroner which triggered the devaluation," said Willoch.

Sharpened Tone

According to Willoch the tone in the political debate has become considerably sharper in recent years, something he attributes in part to the fact that new people have come into political positions. In response to the question whether he was referring to Gro Harlem Brundtland among others, Willoch said that he would neither confirm nor deny this assumption. But he said that it had been annoying to experience this form of irritation which has been going on.

"The Labor Party's thoughtless opposition policy with a stream of irresponsible promises that could not be kept and harsh criticism of the non-Socialists over problems rooted in the Labor Party's own government period, have contributed to a harsher climate. And the differences were sharpened by the Labor Party's opportunistic cooperation with the Progress Party, which drove up public expenditures and culminated in our ouster from the government," he said.

Conservatives No to Boycott

In other matters, Kare Willoch is threatening that the Conservatives will be against boycott measures against South Africa which includes a prohibition of manganese imports to Norwegian smelting works:

"It would play even more into the hands of the South-African regime itself since it would result in South Africa refining the ore itself and taking over our markets."

In this connection he warned the Western world against using boycott measures which are so strong that they lead to a so-called siege effect, i.e. weld the regime together instead of pushing it towards reforms.

However, his advice to Prime Minister Maggie Thatcher would be a gradual tightening towards the regime and that she should not oppose the proposed EC-measures. He called her opposition to a boycott so far as "not completely successful."

On the other hand, he believed that Swedish Prime Minister Ingvar Carlsson's attitude could have a good pedagogic effect on those who want to proceed too quickly here at home.

Comments on Hagen Ties

Oslo ARBEIDERBLADET in Norwegian 8 Aug 86 p 6

[Article by Oivind Nielsen: "Willoch Will Go with Hagen"]

[Text] "The economic situation is now so difficult that one should not allow personal differences to get in the way of obtaining a necessary majority for the non-Socialist policy."

This was the answer given by former Prime Minister Kare Willoch to the question whether he believes it is necessary to clarify the non-Socialist parties' relationship with the Progress Party and Carl I. Hagen before the political wind gusts will start in full during the Storting budget discussion in the fall.

Willoch thought that this spring's events have shown that the non-Socialist alternative depends on a non-Socialist majority in the Storting. But he was very cautious in indicating what form the clarification between the Conservatives, the Christian People's Party and the Center Party on the one side and the Progress Party on the other side should take.

Labor Party Newspaper Comments

Oslo ARBEIDERBLADET in Norwegian 8 Aug 86 p 4

[Editorial: "New Signals"]

[Text] Earlier this week Kare Willoch spoke sensibly on the political climate in Norway. In a speech at the Conservatives' seminar center in Reistad he rose to speak to conclude this summer's silly debate on a fall hunt against the government and the possibilities of various no-confidence proposals.

Willoch stated that what nation needs is not that we politicians use the harshest possible words towards each other, but serious discussions on how to meet the enormously difficult economic situation we are in. As mentioned, sensible words, and one can only hope that the negotiations and work of the Storting will be characterized by such an attitude when the representatives will get together again shortly.

However, we have our grave doubts whether it will be possible to let the factual and reasonable discussions dominate over party tactics in a chase for points. Unfortunately, we think that the previous Prime Minister's own statements are an example of how difficult it is to leave the tactical entrenchments.

Willoch brought forward three areas where he would like a closer cooperation. In the main, they were tax reform, oil policy, and above all security policy. Evaluated on the basis of the political debate we have behind us so far after the Labor Party took over, it is the Conservatives who have acted as the most aggressive and combative in these areas. The desire for cooperation which Willoch considers important in a difficult economic situation was very little in evidence when the Storting discussed the government's retrenchment efforts right before the dissolution. The Conservatives planned to twist the retrenchment efforts which would have yielded a reduction for the districts of approximately half a billion kroner. An arrangement which even the Conservatives' previous government colleagues could not accept.

Nor do we think it bodes particularly well for the cooperation possibilities that at the same time Willoch finds it expedient to attack the government's oil policy. His criticism of the government's so-called "new signals" are overshooting the mark considerably.

If it should be so that the government's cautious stand in contacts and orientation towards OPEC should be considered as new signals, yes, then it must be because the previous government had no policy towards OPEC as a whole.

Previous oil minister Kare Kristiansen from the Christian People's Party managed to make international media waves when he proclaimed in a speech in Sandefjord that Norway must limit its oil production in order to contribute to stable prices. A statement which the Ministry of Oil and Energy had great problems setting straight again. But before this had happened the message from the Norwegian oil minister had been registered and commented on in international oil circles, and of course among OPEC. Kare Kristiansen's somewhat unorthodox media initiative was commented on by the influential MIDDLE EAST ECONOMIC REVIEW as a "bizarre behavior". Before that we had experienced the confusion on the Norwegian side regarding Statoil's price reduction, and we had Oil and Energy Minister Kristiansen's famous statement to Sheik Yamani that Norway would not increase its oil production in 1985--in direct conflict with all facts from the Ministry of Oil and Energy.

What is new with the new government is that now signals are coming regarding a policy which will be followed, not random media games. Seen from this aspect Kare Willoch should actually be pleased with the change of cabinet ministers in the Ministry of Oil and Energy.

12831

CSO: 3639/143

FREITAS DO AMARAL CLARIFIES POLITICAL STANCE

Lisbon TEMPO in Portuguese 4 Sep 86 p 2

[Text] We have received a letter from Prof Freitas do Amaral, written to clarify two news items about him that appeared in our editions of 21 and 28 August. The letter is of great political interest, inasmuch as it leaves open the question of whether Freitas do Amaral will support Cavaco Silva when the latter runs against the PSD in the legislative elections. What we conclude from the letter sent to us, is that the former president and founder of the CDS wants to keep a neutral political space open in the mind of the public with a view to his future plans--which could include a run for the presidency in 1991. However, it seems unlikely that Freitas do Amaral would fail to support Cavaco Silva clearly in the legislative elections. Furthermore, it is significant that although he was in Lisbon, Freitas do Amaral waited to send his letter to TEMPO until 15 days had passed since we published the news items--which were, by the way, obtained from a reliable source. The text of the letter follows:

Freitas do Amaral Clarifies Matters

"1. During the presidential elections when I received support from the PSD and the CDS, I entered into a written agreement with the PSD;

"2. That agreement, signed in October 1985 (not in January of this year as was reported), was an open agreement whose terms and content were publicized; it was not a secret agreement;

"3. Under the terms of that agreement, I promised that neither the candidacy nor its immediate consequence would become the starting point for partiality toward any existing political group or the launching of a new group;

"4. I gave the CDS the same guarantee because it supported my candidacy.

"Finally, I wish to make it clear that in the event that the legislative elections are held ahead of time and that I then take some position with regard to them, it is obvious that I will define my stance only at that point, in light of a specific set of circumstances. It cannot be otherwise, since I am an independent, without any party affiliation, and because I made no commitment as regards future legislative elections."

[Ed Note] Concerning the public agreement entered into between the PSD and Prof Freitas do Amaral, we note that what the former presidential candidate promised (in item 2-d of the terms set out by the PSD) was "that his candidacy and/or the office he might come to hold would never constitute a starting point for partiality toward any existing political grouping or the launching of a new grouping" (sic) while, in his letter to TEMPO he states that what he promised, after all, was that such would not happen either due to the candidacy or to its "immediate consequence."

Concerning the secret agreement that would or will guide him in future legislative elections--elections that might be held ahead of schedule--in appealing to the vote in the PSD we understand that Prof Freitas do Amaral cannot confirm a statement that we made, in fact, only on the basis of confidential information. Or that his role as an independent is really, after all, strictly synonymous with absolute neutrality. We shall see.

12830/12948

CSO: 3542/162

CARL BILDT WRITES ARTICLE ON GOALS FOR CONSERVATIVE PARTY

From Industrial to Information Society

Stockholm DAGENS NYHETER in Swedish 4 Sep 86 p 3

[Op Ed article by Carl Bildt, Conservative Party leader; first paragraph is DAGENS NYHETER introduction]

[Text] The gradual transition from an industrial to an information society is going to have political and social consequences dramatically different than those produced by the shift from an agrarian to an industrial society. The earlier transition paved the way for the mass parties and their collectivism. Now the way is being paved for a policy that will have the individual as its starting point, writes Carl Bildt, the new leader of the Conservative Party.

We are on the brink of a new age that will also bring new possibilities for new freedom for individual citizens.

We are gradually leaving industrialism, with its structures, ways of thinking, and solutions, behind us. And what is breaking through in the transition from an industrial to an information society is a policy which, in many respects, differs radically from the one that has predominated in past decades.

The driving force behind this development is primarily scientific and technical development. Along with a number of other new technologies, the almost explosive development of electronics has prepared the way for the information society.

The same thing happened when the old agrarian society gave way to the industrial society. New technology and new thinking laid the foundation for the era of large-scale production in material terms and the mass approach in human terms that industrialism came to be.

The approach to large-scale mechanical production that characterized the early days of industrialism had its social counterpart in the collectivism that came to undergird the emerging labor movement in particular. Marxist policy was little more than a social plagiarizing of the production line and the supposed rationality of industrial central control.

Industrialism has given us material prosperity that no one could have foreseen a century ago. And when the economy threw off the restrictions of the guild system and obtained its freedom, the foundation was laid for the political freedom that made democracy the natural form of government.

The industrial era was also the era of extreme faith in rationality. And its basis was the teaching by the natural sciences that everything could be cut up, studied, and predicted down to the last detail. So-called social engineering, which has periodically made itself so strongly felt in Sweden, was one of the consequences of that conviction.

We are now on the threshold of a development phase that is presenting completely new demands. Its political consequences will be far more radical than most people currently suspect.

Where the industrial society encouraged centralization, uniformity, and large-scale production, the information society is going to pave the way for decentralization, dynamism, and a wealth of variation.

Developments in regions, countries, and localities that are currently in the forefront of global change prove this. It is not primarily big firms, big government agencies, and big organizations that are blazing a trail into a new era: it is small firms, groups, and networks that are doing so.

That is how it has always been in important transitional phases. Change breaks through from below as a result of free initiative and the assumption of responsibility by individuals and is therefore seen as a threat to established interests, patterns, and structures.

This means that the gradual transition from an industrial to an information society is going to have political and social consequences dramatically different than those produced by the shift from an agrarian to an industrial society. The earlier transition paved the way for the mass parties and their collectivism. Now the way is being paved for a policy that will have the individual and his unique desires, dreams, and conditions as its starting point.

In the United States, 22 million new jobs have been created since 1975, and 80 percent of them are in small and medium-sized firms. Even though only a small number of those new jobs were created in high-tech firms, their importance to the dynamics of development is very great.

The pace of change is rapid. In parts of the United States, the average life of a high-tech firm is 4 years.

During the same period, development in West Europe has resulted in the loss of 9 million jobs. The West European economies have not been able to take advantage of the dynamics of development.

And in Sweden, it has been possible to keep employment up only by an expansion of the public sector which now has to stop because the tax requirements it

breeds have become a direct threat to society's economic and social development.

That development in particular, which incidentally can easily lead us into massive unemployment, calls for a new policy.

In the new age now emerging, collectivism will stand out as a dangerous error. A policy based on the early industrial society's ideas about large-scale production and centralization will not be able in the long run to resist the demands of people and development, but it is still able to do a lot of damage.

Arne Roth has talked about "the welfare state's economic, social, and intellectual stagnation" in an attempt to point out the dangers that outdated structures represent for a future-oriented policy. And on that point, Lorenz Lyttkens recently noted that as we leave the industrial society behind us, "traditional solutions to problems and management methods will become obsolete. They are not working especially well now, and they will work even worse in the future."

And this is happening on a global scale.

In many Third World countries today, the failure of collectivist policy is tragically obvious. In the Africa of the 1980's, the victims of collectivist agricultural policy can probably be counted in the millions, just as was true in the Soviet Union in the 1920's.

In both China and India--those two global giants--policy is now being changed in a liberalizing direction. And the favorable results have not been long in coming.

It hardly needs pointing out that this change constitutes a mortal threat to the Soviet Empire's closed societies and a new opportunity for free societies.

The Stalinist model of development attempted to create a "superstate industrialism" with big steel mills and big concentration camps. The results are well known. And it will never be able to cope with an era in which success depends not on centralized steel combines but on the decentralized and free dissemination of information.

For West Europe, this new development represents a challenge. Europe does not want to become "the third industrial revolution's first colony," as it was recently expressed in the European Parliament. And Europe knows that what is required to a large extent is a new policy.

Developments are also placing entirely new demands on Sweden. The question is whether we will be able to pave the way for the transformation of old structures and systems that is now required--or whether, a few decades from now, Sweden will stand out as the country of lost opportunities.

In Swedish politics and in the public debate, there is too much emphasis on safeguarding what has already been achieved. The Social Democratic Party's

election campaign last year, for example, was a massive battle to conserve and defend a model of society with unmistakable features of the 1950's.

Safeguard! Defend! Stop! Protect! Those were the watchwords for the policy that looked back instead of forward.

But standing still in a time of change means moving backward. A policy of resisting change can easily become a policy that will gradually lead Sweden down the same slope which has turned parts of Great Britain into the tragic and increasingly disintegrating remains of a time that is gone forever.

In the latest economic survey from the OECD, it is shown that the combined tax burden in West Europe is starting to move downward for the first time in several decades. The drop is not dramatic--but the break in the trend is.

More and more countries are realizing that new times demand new policies. And a policy of emancipation calls for a more reasonable tax burden, freedom for initiative and the assumption of responsibility, stimulation through competition, and mobility allowing people to take advantage of the new job opportunities provided by development.

It is a question of pursuing a policy on the individual's terms, not those of the collective. The reason is that the old attempt to divide people up into classes, categories, and groups has lost all basis in reality in today's Sweden.

We no longer want to be treated like standard components in a regimented collective. Any policy that is based on a standardized classification of people and families into classes, categories, or groups will be a threat to the freedom of individuals and the future of society.

When those rigid pyramids are torn down, new jobs and new alternatives will be created. Freedom of choice will suddenly become a reality. It will be possible to live on one's salary or wages. The hidden rule which exists as a result of the public monopoly in many areas and which bans many women in particular from certain occupations will disappear. Medical treatment and day care will be a matter not of large-scale operations and standardization but primarily of variation and freedom of choice.

But Swedish Social Democrats are still standing unimaginatively on the same old spot. The party platform's Marxist demand that "all economic activity be harmonized with a planned economy" remains the alpha and omega.

When a so-called platform for the future was adopted at the last party congress, it was so dull and scanty that it was forgotten the second after it had been adopted.

And perhaps it was typical that last year the Nordic Museum sponsored an exhibit that revolved to a great extent around the importance to Sweden of various Social Democratic ideas. A party whose ideas are in the process of being relegated to ethnological museums has its future behind it.

An increasingly obvious air of dustiness surrounds the Social Democrats and their policy in the new era that is now emerging.

In his biography of Per Albin, Anders Isaksson compared today's Social Democrats with the "patron saints at the turn of the century." Back in those days, they reacted to the demands of a new era by shouting from the housetops that every change was a change for the worse, and today's satisfied Social Democrats are doing the same thing.

I am convinced that only a policy with freedom as its lodestar can now keep Sweden from becoming a country of lost opportunities.

But the emancipation that this requires in the various areas of national life must go hand in hand with a firm commitment to the social, cultural, and human solidarity that government support systems can never replace.

In a time of rapid change, there is a greater need for such commitment--otherwise we run the risk of losing our foothold. And the need to assume responsibility across the boundaries of generation and nation must take into account, in a different way than heretofore, the need for an undisturbed natural and cultural environment.

That is what gives our party its unique strength in the debate over the future. Our policy combines emancipation and commitment--a passion for emancipation and the assumption of responsibility.

We are the party of freedom, and therefore of the future as well, in Sweden.

Economic World View Criticized

Stockholm DAGENS NYHETER in Swedish 5 Sep 86 p 2

[Commentary by Johan [last name not clear]: "Bildt Feels the Stroke of History's Wing"]

[Text] A new party leader is usually greeted with both respectfulness and exaggerated expectations. It is as though the new man possessed everything the previous leader lacked: so it is that the trend is always to move closer to perfection. And so it is, also, that the characterization of Carl Bildt, at least on the editorial pages of some nonsocialist newspapers, has at times approached the panegyric.

But the harmony did not last long. Per Ahlmark, who has been increasingly absent from the public debate as a result of his illness, saw to it that Bildt's honeymoon was shortened to just a little over a week. In Tuesday's edition of EXPRESSEN, he fired off an ideological broadside at the new Conservative Party leader, who, in his installation speech at the special congress, dwelt at length on the Swedish "people's soul."

It is understandable that such a thoroughgoing rationalist as Ahlmark should react to Bildt's metaphysical proposition that there is a "people's soul"

which has remained essentially unchanged during the millenium that Sweden has existed as a country. Referring to Herbert Tinsten's showdown with patriotic myths, Ahlmark made a clean sweep of the idea that Swedes have always carried within themselves a sense of freedom, a sense of justice, and an openness to the rest of the world which have all put them in a special class among nations, and he punched holes in those bubbles with a frenzy reminding one of Strindberg's "The New Country."

It may be surprising that Bildt chose to begin his career as party leader by striking chords which inevitably remind one of the old-time Conservative Party. Because in his description, those bearing the "people's soul" were the current Conservative Party's predecessors among society's conservative forces, who actually, of course, were reluctant to accept, at a late date, the transition from rule by the upper class to democracy. It was precisely those groups which had an interest in giving freedom and justice a metaphysical content simply to protect themselves from the consequences of the full emergence of democracy.

It is probable that Bildt wanted to emphasize the contrast between him and his predecessor by choosing a philosophical approach far removed from Adelson's more intelligible agitatorial style. More interesting, however, is the fact that Bildt's view of history also enables him to pose as a prophet: he feels that he can say with certainty that the Conservatives are "the party of the future." That comes closer to what party leaders usually say. Both in his speech at the congress and in yesterday's article on DAGENS NYHETER's Op Ed page, Bildt expressed a deterministic view of society's development, in which technological changes are said to determine the political balance of power.

Industrialism was the era of the Social Democrats, and the information society will be that of the Conservatives--that is the message in brief. It is a mechanical view which, although it swears the opposite, leaves little scope for individuals to influence the development of society. What we can learn from history, if anything, is that there is a danger in political leaders who think they have the course of history on their side.

To the question of whether he is liberal or conservative, Carl Bildt's stock answer is that he "combines a liberal passion for freedom with a conservative sense of responsibility." But so far, neither the talk about the "people's soul" nor that about technology's advantage over politics has really had a place in liberal ideas. Historical determinism is rather to be found in classic conservatism or in Marxist forms of socialism. And Carl Bildt is certainly not a socialist, as we all know.

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CSO: 3650/306

OZAL'S MOSCOW TRIP SAID PREMATURE

Istanbul MILLIYET in Turkish 1 Aug 86 p 9

[Article by M. Ali Birand]

[Text] Ozal's trip to the Soviet Union ended yesterday. The remainder was meant for sightseeing in any case. Thus an overall balance may well be drawn at this stage.

The question on everyone's lips is "How was Ozal?" Well, it would certainly be unfair to give low marks to the prime minister on the basis of a comparison with previous visits by other prime ministers or with Ozal's visits to other countries - for instance, his performance during the U.S. visit. During his stay in the Soviet Union, perhaps due to fatigue, he was often seen not as brilliant as generally expected of him. Yet, at the same time, we cannot simply conclude that "Ozal was not good", either.

What can certainly be said is that Ozal was not the man we had seen in the U.S. There, he looked like a soccer player on home ground. He was speaking the "same language" with President Reagan, and was "in his element and on top of the situation". Here it was a different world altogether.

Though not present at the negotiations, we can still describe Ozal's performance, based on what we heard from a number of old hands - reliable officials who were present at the table - "as not extraordinary, yet above average."

His expressive style, facility with reducing complicated issues to simplified forms, and, despite his somewhat rigid capitalist line, his "pragmatic" approach, have been received with interest by the Soviets. They may have been preparing to jostle him around a bit, but they could not do it for what they found was a soft-spoken man who constantly gave the impression that he was seeking harmonious relations.

Ozal did not change any of the fundamental policies of Turkey, neither did he speak words that some would consider appeasing. Perhaps his major advantage was his quick grasp of the Soviet way of thinking and his being able to pinpoint those issues which the Soviets consider most important.

He had obviously been extremely well-briefed before the trip. He could be equally at home with ballistic missiles as with the intermediate range.

From our point of view the overall shortcoming was that a visit by the prime minister of Turkey to Moscow had not produced so much of a ripple on the international plane, or the kind of repercussion one might expect. Some of it may have been due to the absence of a decent spokesman whom Ozal might have brought along, but there is also the inescapable fact that Turkey as a whole - including the prime minister - is not that involved with international problems.

During the trip to Central Asia Ozal was purposefully silent about the Turks abroad. He was fully aware of the sensitivities involved.

Now lets look at the other side of the coin. Whoever is responsible, the prime minister himself should not have agreed to the date of the visit. We have said it before, when the Soviet Union announced the official confirmation on 10 July - just ten days before the start of the visit - it should have been declined saying: "No, this is too short a notice, lets do it in the fall!" Soviet officials do not hide the fact that they expected Ankara to reject their proposal, the short notice being a diplomatic way of indicating the visit should be put off until the fall. They even admit that they did it so as to avoid being the ones to reject Turkey's proposal - i.e., 28 July (or a date between 1 July - 1 August). The reason for all this has been the demonstrations concerning the Bulgarian issue, the demonstrations in front of the Soviet embassy. The Soviets apparently "thought that the Turkish prime minister was coming to fight over the Bulgarian issue."

It seems as if Ozal has either been misinformed or that he acted quite deliberately. Our view is that the visit was initiated without taking adequate stock of the situation.

Ozal's visit should not be judged in terms of the non-meeting with Gorbachev either. The non-meeting with the Soviet leader (a meeting might have been arranged at the last hour) is a minus from the viewpoint of Turkey and particularly for Ozal himself. This kind of thing entails losses on the political scoreboard. But it would also be an error to maintain that the whole visit has been a fiasco simply because the meeting

has not taken place. "Within certain limits, Turkey has been able to put its message across" and has been able to explain what it thinks on various issues, albeit to second-level officials.

Is the glass full or empty? The formula is often used in diplomacy. A half-full glass can be viewed by some as empty and by others as full.

We will try to send our ruminations on that point in our article next Tuesday. For now, all the best from Tashkent where these words have been written.

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CSO: 3554/165

USSR MEDITERRANEAN STRATEGY EXAMINED

Istanbul MILLIYET in Turkish 22 Jul 86 p 8

[Article by Gen (ret) Muzaffer Ozsoy]

[Text] The Mediterranean is of major strategic importance in the defense of Europe. To put it differently, Mediterranean is where the outcome may be decided. Military history is full of lessons reiterating this fact. An internal lake of the ancient Western civilization, the Mediterranean (Med) provided the stage, in 2000 B.C., for the expansion of Carthage in North Africa and into Spain, and for the existence of certain Greek colonies around Lion Bay. Later, around 300 B.C., the eastern Med basin was claimed by ancient Greek rulers and witnessed the campaigns of Alexander the Great. 200 years later the basin was incorporated into the Roman and Carthagian empires, lasting until the Arabian and the Ottoman and hegemonies in the eighth and the 16th centuries, respectively.

During World War I, the inability of Germany and its allies to break the superiority of the Allied Powers in the Med led to the opening of new areas of settlement for Britain and France in the Middle East. During World War II, the gross strategic errors committed by the Germans, such as relegating the Med to the second order of importance in the general conduct of the war, led to the rapid deployment of the Allied strike from northwestern Africa over to Italy. In the end, the liberation of Europe was predicated upon two major geopolitical "pillars" - the British Isles and northwestern Africa.

The following rule has been established by historical events: As in the past the Med still holds the key to victory in struggles over Europe. That is because the way to the political and military control of Europe passes through the Med. To use a geographical expression, the Med is the soft underbelly of Europe.

Soviet Targets

During the last 20 years the Soviets have maintained their continental front within their sphere of influence as part of a European defensive strategy. During this period Moscow's political stance has been more or less defensive, fomenting dissension among NATO countries and being generally disruptive of the Western bloc. The unprecedented increase in the Soviet naval presence in the Med in and around 1964, however, and the Soviet efforts to become a global power have reinforced the tendency to use the Med as a "point of initiation." Accordingly, the Soviet navy registered an increase of 40 percent in 1968 as compared to 1967, and by 1969 the number of ships had reached 70. Furthermore, the number of destroyers carrying nuclear missiles, submarines, communication-gathering vessels and auxilliary ships have also increased. Thus, with these forces in the Med and the support installations, the foundations of an overseas military strategy had been laid. Informed by this perspective it is possible to outline Soviet military and political objectives as follows:

- 1) Establishing new "power centers" along the African coastline that would, if needed, conduct strikes against the Allied front in southern Europe - its soft underbelly,
- 2) Breaking the hold of the U.S. encirclement around Russia by means of force,
- 3) Securing the eastern Med area against an Allied naval force in the eventuality of trying to force the Turkish straits.

Thus, in a crisis situation, a Soviet expansionary deployment would be predicated upon certain critical axes that would include a number of passages and the Straits: The passages on both sides of Crete (15-20 miles), the strait of Otranto (42 miles), between Gela and Valetta in Malta (75 miles), between Empedocle and Pantelleria which covers the Sicilian channel (78 miles), the strait of Messina (2 miles), between Marsala and Tunis (96 miles) and the strait of Gibraltar.

In this deployment, it is probable that while the section from Gibraltar to Messina would be covered by submarine maneuvers and mines, the larger striking forces (nuclear missile - carrying destroyers, aircraft carriers) would be placed in a central position south of Crete. We think that this plan would have to consider both the northern and southern flanks, that is to say, the Scandinavian peninsula and the Baltic Sea up to the Arctic Sea, and the Med area (Black Sea included) stretching to the Near East. This is because unless the two naval pincers, designed to encircle Western Europe, are unified in the Med area having sailed through the Atlantic and

Black Sea respectively, the Soviet naval force in the Med would lose its significance and remain as a peripheral operation becoming isolated and wither away.

The disciplines of strategy, economics and social organization have to consult geography to get some partial answers regarding their points of departure and overall orientation. To establish their operational doctrines they have to look for new elements in geography to be combined with other elements. The relations between strategic issues and geographic factors cannot be circumscribed by artificial constructs and abstract notions. These factors can no longer be, as it was in the past, related simply to the physical features of the regions. And they cannot be predicated upon the grandiose dimensions of geopolitics and geostrategy either, but would have to be subjected to timely coordination and a tight synthesis thus forming the basis of joint plan of action whether in peacetime or in war.

Looked at from the perspective of global strategy, two regions are seen earmarked as highly important "pillars", at both the southern and northern ends of Europe - the Scandinavian and Anatolian peninsulas. Both are equally close to the Soviet bloc. In the west, the British Isles and northwestern Africa form the other two "pillar" systems flanking the rear of Europe. These pillars have played important roles in the past in the liberation of Europe.

Libya's geographic location in the north African coastline is highly important for Western security. Its location gives Libya a capacity for impact on the two sides of the strategic triangle extending from northwest Africa to the Messina strait. Furthermore, Libya may form the basis of a springboard action which might be aimed at southern Europe. As the scope of the Soviet-built installations far exceeds the obvious needs of this little country, the prevention of a possible Soviet settlement has begun to occupy an important place in the overall peace strategy of the West, and it has appeared increasingly necessary to get rid of these installations. When, finally, terrorism-related conditions produced the right political climate, a military intervention, under preparation for some time, was carried out by the U.S. In essence, this was a "cleansing" operation with systematic depth.

The "intervention" in Libya had as its objective the preservation of the status quo in the Med. Here strategy was concerned not only with the immanence of decision but also with the possibility that the conflict may last longer depending on whether those involved favor the perpetuation of the conflict or not. Indecision might have created political

consequences placing the outcome of an overdue military action in danger.

Conclusion

The Soviet strategic expansion in the Med gives the appearance of a "cover" within the context of a larger plan. In a large-scale conflict in Europe, if the Soviet forces in the area are not reinforced from the northern and southern flanks, they are bound to lose their effectiveness rather quickly.

Even if the Sund and Belt Straits in the Baltic were to be overrun through the Jutland peninsula, forcing Gibraltar (under British control and part of northwestern Africa operations) and Pas-de-Calais would be a much tougher proposition.

This would seem to indicate to the Soviets that developing an attack strategy in the south would be more attractive. This is a region with concretely measureable value such as heavy sealane traffic and oil. Furthermore, the European security in the rear can come under challenge here.

In such a situation strategy should be considered in a larger context, and on a continual basis, rather than being focused on the area directly under consideration. As soon as the conflict shows signs of escalation the strategy should be upgraded to the level of a "strategy for planet earth" rather than the sum total of the divergent strategies involved. That is because the earth is very much affected by the geopolitical variables these days.

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CSO: 3554/170

SON OF EXECUTED PRIME MINISTER INTERVIEWED

Ankara YANKI in Turkish 21-27 Jul 86 pp 22-24

[Interview with Aydin Menderes; date, place not specified]

[Text] Aydin Menderes is the youngest of former Prime Minister Adnan Menderes' three sons. The leading figure in the Democrat Party movement and a long-serving prime minister, Adnan Menderes was executed, along with two of his friends, as a result of a revolution the propriety of which is still being debated and will be debated for times to come. The sons who grew up bearing this pain followed in their father's footsteps and became politicians. The elder sons, Yuksel and Mutlu, encountered cruel fates both dying unexpectedly. All the pain was suffered by the mother, Berrin Menderes, and the youngest son, Aydin. The youngest son also decided in politics as a profession, became a member of parliament at a young age and served in the party administration. But he had to suspend his political life right at the start as a result of the 12 Sep operation. Being a member of the Executive Council of the Justice Party he was barred from political activity for 10 years. But like his father he is loved by many. Wherever he goes people embrace him warmly, partly as an expression of their love for his father.

There is considerable interest in how the General Assembly will respond to the petition demanding the invalidation of the Yassiada decisions presented by Burhan Apaydin, Menderes' former legal counsel. If the Assembly's resolution comes out in favor of the demands and views expressed in the petition it would mean a watershed in Turkish political life. Menderes the son expresses the following views on the petition concerning Menderes the father.

The Question is a National One

"One cannot say nothing has happened on 27 May or on 16 and 17 Sep 1961. For the last 26 years, the nation has experienced an abiding sadness over what happened to the Democrat Party (DP), the parliament of 1960, the members of DP, and over the

fate of the late Menderes, Zorlu and Pokatkan. The state can not remain oblivious to the sentiments of its people for too long. Therefore I view the petition presented to the parliament, as an important event and an opportunity.

I would like to say one thing at this point. I don't know what kind of procedures await the petition, or what the upcoming parliamentary session will bring. But I say this. All parties, all the honorable members of the Assembly are in a positive mood, sincerely wishing to bring about a positive resolution to the matter. As far as our family is concerned we have never wanted against the Adnan Menderes issue, the DP issue become a matter of inter-party strife in Turkey. We are prepared to renew our efforts, within our means, to prevent such a strife occurring in the future. The problem is a national one. The ball is now in the court of the state. With the Assembly's decision the state is in a powerful position to undertake an important step in this matter."

YANKI conducted an interview with Aydin Menderes without forcing the bounds of legality given his debarrement from political activity. Here are Menderes' answers to questions posed by YANKI:

[Question] You are the son of Adnan Menderes who became the darling of the millions in Turkey - a man, though longer among us, still alive in countless numbers of hearts. Forgive the comparison but you are in a similar situation. At such a young age you are barred from political activity. What do you say about all this?

[Answer] In political life these kinds of ups and downs happen, unfortunately. If we recall the kinds of things that can happen to people in political life what has happened to me does not figure as truly phenomenal.

If the individuals barred from political activity (as stipulated in the provisional 4th clause of the constitution) happen to be beneficial to their country these sanctions do not carry much meaning anyway. We did not choose politics as a career for ourself. We thought of it as a means of service to our people, to our country. If the road to politics is blocked one could still continue to love one's people and one's country, and to do certain things for them with whatever means happen to be at one's disposal.

I wish to emphasize the following point. Those who have been barred from political activity by the provisional 4th clause of the Constitution used to be members, administrators of political parties supported by millions of people whose

elected representatives we were. The important thing is not that a group of people is kept out of politics. These sanctions have taken from the people the option of electing a broad section of politicians.

Finding the Right People for Politics

[Question] What are the gains and losses brought by 27 May and in the aftermath of 12 Sep, bearing in mind their initial objectives?

[Answer] In a working democracy people can decide whether to keep politicians within or out of politics to get rid of them or keep them in power. Therefore under democracy those who are successful, those who do not serve their country are not allowed to remain in power for too long. Thus it ought to be the people who decide where and how politicians should be evaluated. I should immediately add this. Our society is one which constantly complains of lack of properly trained people. Properly trained politicians, statesmen do not grow on trees. When it is said that "anybody can become a politician or statesman" it does not mean "anybody can do it anytime he wants". Though it is not an exclusive privilege for anyone to become a politician or statesman, just as one needs a certain education to become an engineer or a doctor, and an accumulation of experience in order to be successful, one also needs a formative period to become a politician or to be in the service of the state. As neither politics nor administration can be learnt at school it is only within the framework of continuity and accumulation of experience in a democratic setting that we might get the trained politicians that we need. But as it seems to happen with such regularity in Turkey if experienced teams are constantly kept out of politics we will find it difficult to ensure a supply of such politicians. And, perhaps more importantly, we might have a situation where nobody in Turkey may want to enter politics or to serve and persevere along that road. Politics might lose its attractiveness altogether.

Moreover, if those who are elected by the people are judged not by the people but by somebody else then one wonders whether those elected in the future would be responsive to the preferences, sentiments and ideas of the people? Or perhaps, after having concluded that the final say does not belong to the people in any case, wouldn't they then direct their efforts at pleasing some other entity, other circles rather than the people? It is not possible to say with any certainty at this moment. But it seems that so long as such sanctions and obstructions continue we will have difficulty in finding the teams prepared to follow the dictates of people's will and people's preferences to their logical conclusion - teams that democracy demands.

Thoughts on the Governing Party

[Question] Certain parties were not able to participate in the 6 Nov elections. Due to certain restrictions such as stripping people of their political rights the course of politics was changed towards another direction. There are fragmentations on the right and the left. How do you see all this?

[Answer] The most important issue concerning the political parties in our country is the situation you have just described. Only three parties were allowed to participate in the 6 Nov elections. The one which is in government continues to exist while the ones in the opposition are no longer there. This shows that if today's governing party also happened to be in opposition its fate would not have been all that different from the others.

Political life exhibits a continuity. That is because political life is predicated upon social events which do maintain a certain continuity. If this continuity is totally disregarded then it would be extremely difficult for party organisations to take root in society and find supporters. We know that memory is a most important mental function in human like. Societies, just as individuals, cannot exist without memory. Therefore, though it might seem attractive at times, it is not possible to stop political life at some point and start it again at will from point zero.

[Question] Motherland Party (MP), Correct Way Party (CWP) and Free Democracy Party (FDP) are parties on the right dependent on the mass support of the old Democrat and Justice Parties. Is it only the 6 Nov elections and the conditions of the post - 12 Sep period that account for their being distinct parties? Or are there other factors keeping them apart?

[Answer] The main reason for the fragmentation in the right is the closure of all parties in the post - 1980 period. Only three parties were able to participate in the 6 Nov elections. Political life is such that when it is interrupted it takes time for it to readjust to new circumstances. Thus the present fragmentation is largely the product of this interim period.

The parties on the right have to define their *raison d'etre*, and clarify the points separating them from the others. It appears that of the three parties you mentioned - FDP, MP, and CWP - the characteristic that distinguishes CWP from the others would be the priority accorded to democracy and to the

will of the people.

[Question] We know about the conditions of the 6 Nov elections. In those elections people supported the MP out of an inability to find another party to vote for. But later, despite the formation of the CWP - which is a sort of continuation of the old right at the mass level - public opinion polls have indicated that the people, despite the problems, have not broken away from the MP completely, and have grouped around the governing party. How do you evaluate this?

[Answer] One thing should be pointed out. I do not wish to claim that the currently existing parties, the governing party in particular, would not be able to obtain any result had there been no political restrictions. But I am of the opinion that so long as certain restrictions continue in our country the preferences of our people will not be fully reflected through the election process. If that is so it means that we are not in a position to fully ascertain the preferences of our people. When the continuation of the restrictions (which by the way are not all that different from one another) is viewed as immutable and certain, I personally find it difficult to make political evaluations of any sort. When the preferences of our people are fully reflected and all tendencies, parties and ideas are represented one may then engage in sound evaluations.

Still Undecided on How to Govern Ourselves

[Question] How do you evaluate the MP government?

[Answer] It is possible to criticize the governing party from many angles. It is of course possible to see many policies in a positive light. At the moment I, personally, am not too much concerned with what the governing party is doing, what it should or shouldn't do. For me Turkey, in the first instance, has to establish clear-cut and unchangeable rules as to how it should be governed. The events of our 40-year democratic life from 1946 to 1986 shows that we have not been able to determine whether governments will be decided by the people and whether the right to elect, not to elect or to get rid of governments belong to the people or not. Therefore in a Turkey where the success or failure of governments are not sufficient to ensure their continuation in office or their dismissal I do not find it necessary, simply out of curiosity, to subject governments and parties to any sort of evaluation. This is my personal opinion. Thus the most important issue in Turkey is to bring about a Turkey where the will of the people is sovereign without conditions or strings attached. I might add that from the viewpoint of popular sovereignty, I do not

find the performance of the governing party satisfactory. There is much room for improvement regarding the acceleration of the democratisation process restarted after the 12 Sep period, after the referendum and the multi-party politics that followed. Certain objective targets have not been attained either. That they are not claiming too much in this regard is quite evident by their attitudes and statements. This government seems to have opted for the continuation of the so-called depolitization which actually means indifference to politics. How will a society establish control over its fate? Of course through the mediation of politics and politicians. If a society is becoming indifferent to politics, parties and politicians it means that there is an indifference to self-government and to the country's administration as a whole.

[Question] How do you evaluate the CWP?

[Answer] As you know we are ineligible to support a certain political party or to become members. Therefore any evaluation I make is simply the thoughts and perceptions of a retired politician, however young, and away from sympathies or antipathies. CWP has presented itself as a party with a mission and declared its intention to struggle along the road. During the time CWP was established and in the adjoining period there was no other political organisation that had specified these goals as a priority. Today the Democratic Left Party also seems to have specified the establishment and reinforcement of democracy in Turkey as an objective.

So long as CWP maintains its identity as a party with a mission, it will certainly arouse a lot of sympathy among those who believe that the most important issue in Turkey is the absolute sovereignty of the people, that the people should have the final say, that the Turkish nation did not really need supervision in all these years since 1946, and that it is the people who are the masters and not anybody else. However, I wish to reiterate the point that this has two aspects. First, the sense of mission needs to be maintained by the CWP. And second, the more important, aspect is that obviously the determination of just a bunch of people and one or two parties will not be sufficient as far as democracy is concerned. What we sincerely wish is to see all political parties and other organisations arrive at a consensus on this point.

[Question] How do you see CWP's entry into parliament by recruiting members elected in 6 Nov elections on the ticket of parties not much approved by the CWP?

[Answer] There was a negative propaganda campaign about CWP saying it was programmed for the year 1992. Had the CWP shunned the opportunity to establish representation in the parliament and to form a party caucus consequently gaining access to TV and radio, it would have given the impression that the negative propaganda was justified. Therefore it had become an unavoidable necessity for the CWP to explore the possibility of being represented in the Assembly as a caucus, and CWP simply went ahead with it.

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CSO:3554/171

RELIGIOUS RESURGENCE AMONG YOUTH EXAMINED

Istanbul GUNAYDIN (Supplement) in Turkish 1 Aug 86 p 6

[Text] Since the beginning of this year a specter has been haunting parents who send their kids to private schools: Adnan Hoja. That is because Adnan Hoja (his real name is Adnan Oktar) has set out to prove that it is yet possible for (and these are his words) "young people who happen not to be hunchbacks, who are cultured, handsome and rich" to embrace Islam and enacting its rules.

He did not take too long to reach his objective, thanks in large measure to Ahmet Ucan, an instructor at a private high school (Ozel Dost Lisesi). Such was his success that he became a celebrity overnight appearing on the headlines of major newspapers, granting interviews to various publications. Meanwhile Adnan Hoja was questioned by the police but categorically stated that nothing will stop him and continued collecting disciples.

Parents in Panic

Parents who usually expect excessive, random demands from their children were in a state of panic when reprimanded by their children: "Don't drink alcohol, cover your arms and legs!" Trying persuasion first the parents were soon reduced to issuing threats then consulting doctors, all to no avail. Some of the youngsters were going so far as to break away from their families.

Individual efforts leading nowhere the parents were next trying to get the issue into newspaper columns by using their various connections, and to turn the subject into the major focus of the day. One might well ask what was behind this sudden surge of interest, among the well-to-do, in activities of a religious nature hitherto confined to the youth of the humbler sections of society? Extensive press coverage have always been accorded such phenomena. Yet not much of a

reaction had been registered among the well-to-do, until now that is. These activities had their various ups and downs for quite some time yet could it be that some people have become aware of them only recently? Or was it simply that their children, until now untouched by these goings on, were now the target? Or was the parents' discomfort due to the perception that their kids were no longer immune to this kind of thing? After all, the youngsters were receiving a privileged education, having considerable advantages regarding physical and mental development. Maybe it was all a coincidence - there was no connection between events reported in the press. It could well be that the whole thing was a tempest in a teapot!

Plenty of Reaction

However, various individuals and young people have been unanimous in their views that these developments were hardly coincidental. Murat Belge, for instance, argues that the political environment may have been responsible for disposing the youngsters towards these activities, but the reaction of the families is largely due to "the shock experienced by families of high cultural standards who have not been much interested in religion so far." Sociologist Mubeccel Kiray, on the other hand, argues that "the one important thing about the Adnan Hoja affair is that it is the offspring of the elite which has been targetted. These people have to remain secular in order to maintain their cosmopolitan connections. As soon as they admit to being practicing Muslims their prospects of landing a job with international connections can be seriously endangered. The whole matter should be viewed as a stratification problem. The reaction is aggravated because the attention is now directed at young men who are on the brink of joining the elite, becoming big businessmen."

Reiterating these and similar points, Abdurrahman Dilipak, a Milli Gazete writer, argues: "It would be hard to conceive such a hullabaloo if the target had been something else. (Adnan Hoja) is one among tens of thousands."

An interesting aspect of the whole affair was an outright admission by Adnan Oktar that he was schizoid. This became a source of comfort for parents who reasoned that their children would not follow an obviously sick man for too long, and that sooner or later they would come back to their senses.

For some there is no need for detailed tests to confirm Oktar's sickness, and that an experienced specialist should be able to tell it from afar. Prof. Ozcan Koknel and Assoc. Prof. Aysel Eksi agree on that point. Neither of them has examined Oktar but, based on available information, they were

able to tell he was showing symptoms of illness. Dr. Eksi argues that: "As an expert in the field for 26 years, and from newspaper interviews and accounts by the youngsters, I can safely conclude that Oktar is mentally ill. I can say that this is a person who is in a state of breakdown to the point of not being able to attend school, and a person who has lost contact with external realities devoting himself exclusively to religious matters."

In the meantime, Oktar's mother was heard claiming that her son had medical reports in his possession confirming his sickness. Oktar himself admitted that he had "a very sensitive disposition and that (he) could not withstand certain situations."

Could all these revelations be any comfort to the public and to the parents? Can a movement led by a mentally sick person be expected to last all that long? Some youngsters who profess to be close to the disciples of Adnan Hoja, when asked of the chances of their friends ever abandoning from their present course, silently shook their heads indicating not much of a hope. Here was a group of people who know exactly what they were doing, and it was the Moslem cadres of the future - the administrators, financiers and so on - who were in the process of being trained, according to the friends.

At some point Adnan Hoja had been arrested but the issue was not resolved. In any case the youngsters themselves, in an interview that appeared in Bulvar Gazetesi, were heard stating quite openly: "Even if Adnan agabey (elder brother) were to die or, God forbid, become Christian or get himself arrested, it won't make much of a difference for us. We are not doing all this just because Adnan agabey is doing it. We are doing it because it is what Allah wants . . . it is not as if we are following a personality cult."

Events did not end there, and the confusion of the other youngsters watching all this were continuing, and the questions remained. At this point we decided not to confine the discussion to merely those who have directly participated, or those who have watched on the sidelines and are potential disciples themselves. Had we done so we would have merely touched the tip of the iceberg. From Dilipak, the Milli Gazete writer, we have learned what it is that our youngsters are attracted to. From Kiray, the sociologist, we obtained the sociological interpretation of contemporary resurgence of religion. Kiray's (soon to be published) analysis uses the past as a starting point and puts the issue in the overall framework of external conjuncture and internal dynamics.

Impact upon Turkey

Placing the issue in an international perspective, Kiray argues that the resurgence of religion has coincided with the rise in oil prices. In terms of geographical location and social structure these countries were among the least progressive, and among the latest to join the process of modernization. Faced with the sudden demand to open up to the world these countries experienced a dramatically resurgent Islamic movement with an intensity exceeding anything that went before.

The increased political and economic significance of the Middle East was soon felt in Turkey, quite naturally. Events, however, have a way of developing in different directions than the original impetus.

It should be pointed out that Islam does not exhibit the characteristic of formal organization in any part of the world. Historically speaking the only place where Islam surfaced in the form of political organization is Iran.

Expert Cadres

There is wide consensus on the point that even the most conservative parties, given some familiarity with the procedures of laic political systems, are not in a position to execute programs imported wholesale from abroad. Therefore it is quite clear that a new form of organization and new cadres are needed - i.e., teams of specialists conversant with global financial problems, experts in technical matters and so on. We should remind our readers that this explanation is fully accords with the views of the friends referred to earlier.

An important issue in this context is the meaning of laicism at the level of international relations. It is only in terms of this concept that the nature of relations between countries, whether they are based on equality or not, can be ascertained. For Kiray laicism does not merely entail the separation of religion and state. It is a concept which stresses that religion does not figure in state-to-state relations, and that differences among faiths are not important. Defining oneself as laic means an invitation to negotiate and compromise. It is a system of autonomy, national self-determination, geared to the elimination of differences to the extent possible. It also proclaims the kind of equality which says to Europe: "Our being Moslem does not concern you, as your Christianity is none of our business." As for the meaning of laicism within the country, it represents an attitude of egalitarianism under which all groups say to each other: "Differences do not concern the

state. Lets make our decisions together as parts of a larger whole."

Accordingly to Prof. Kiray the current resurgence of reactionary dogmatism has two underlying causes: the intensification of relations with the rest of the world, and the failure of the process of internal transformation to bring about, secure and stable life conditions. Another factor could be the use of depolitization as a measure to steer the country through the recent period of turmoil.

Kiray continues: "During the 1923-50 period political choice was given a bad name. A worldview was established which was conscious of its objectives, dogmatic, but not conducive to equality with the West. It placed everyone in a mental set much narrower than existed previously. As if this was not enough, the worldview was embodied in a political organization, and an ideology was put together in a most blatant fashion."

Continuing to preach fatalism in an environment where everyone was looking after his own economic salvation became a glaringly futile exercise. Inevitably, certain established concepts had to give way to new ones. The core of religious teaching was bound to change, and it did. It was now emphasized that the source of all evil was poverty and that everyone should eat and live well. Concurrently, attitudes toward women were changing. Women were encouraged to get out of the house. Women were no longer meant to be confined to cooking and washing linen.

Then there was the system of patronage, mutual help and cooperation, employed in dealing with the problems of a crisis-ridden society, sometimes providing solutions and helping the circle to expand all the time. This reciprocity was extended to politics as well, subsequently producing a merger between religious and political organizations. Kiray maintains that young people are being influenced by these developments. They take advantage of services offered and, in due course, make certain religious commitments ostensibly for the purpose of furthering spiritual values.

The following is the record of a conversation held with three students - two of them at the university, one at high school. The subject is religion.

[Question] What do you think of religion? How do you view the Adnan Hoja affair?

[Muzaffer Bilgin, university student] I have nothing but respect for religion. I respect everyone's religious

beliefs. However, I do not think it proper to divulge my own views about religion. That is something that concerns only myself. So it should be for others. I feel sad when I see those who try to impose their views on others, as has been happening lately. It really saddens me to see people like Adnan Hoja who use religion to exploit the uneducated, the untutored, mainly young people with no culture and who are in the midst of crisis. I don't know what kind of measures are being taken to deal with such people.

Lot of Contradictions

Today the religious issue is quite hot in the universities. I could certainly say that for Marmara University. We have situations where a student barred from class one day for wearing headscarf is admitted the next. Why? How proper is it to bar someone wearing headscarf? And while the one with the headscarf is not admitted, the one wearing scanty, provocative clothing is. That is a contradiction too. These contradictions never seem to end. It appears somewhat dangerous to bring religion into such matters in an environment full of contradictions. It is a bottomless pit. Probably the best thing would be to leave religion alone so long as it is sincerely practiced and not used for propaganda purposes.

[Question] Have you ever lived in a student residence?

[Bilgin] No I haven't but I know the condition of those who do. There, whether you like it or not, you become part of a group, particularly if you are someone susceptible to peer pressure and do not possess any special quality enabling you to influence others. Then you naturally go with the flow becoming incorporated into the group you are with. In these groups one or two individuals end up becoming dominant. You then become committed to certain ideas along lines favored by them. We sometimes hold discussions with such students in a civilized exchanges of ideas.

[Question] Have you met anyone practicing propaganda? Do they use persuasion or not?

[Bilgin] On the whole they don't try to impose their views. They can't do that anyway as it is against their philosophy. Even when they do they disclaim it saying there is no such thing as imposition in religion. Maybe not all but most of them exhibit such a conduct. They usually isolate themselves, or try to increase their circle in an ever-expanding manner, gently and softly, starting with those in their immediate circle.

No Need for Prayers

They distribute reading material free of charge. I think there was even an inscription at the back of the book saying it was recommended by the Ministry of Education. The distribution usually takes place in locations where students are found in large numbers.

[Ersin Dereli, university student] Yes, I do have a faith. I do believe in a supreme being which is Allah. It is up to the individual to decide. I am trying to keep my faith and worship in balance. So long as one does believe I do not view praying as absolutely necessary.

Some publishing organizations donate monetary and food aid to religiously-oriented students at the university. I have witnessed this personally. One organization is giving monthly supplies of noodles and canned food to two brothers. However, there is no attempt to influence us on the part of these students.

Some parents send their kids to religious training schools, specifically. There the children are indoctrinated and turn up as militants. They then engage in recruiting new people, boys and girls. They do favors to non-religious types. These can be moral or monetary favors like solving certain problems. Then the suggestion is made to go to Friday prayers. In this way, without much of an imposition and by merely exploiting sentiments they try to swell their ranks. I have been witnessing such things.

The papers write that Adnan Hoja is popular especially among university students. I happen to be a university student but I know these things only from the papers. Which group is it that supports Adnan Hoja, I don't really know. For me he is no different than the so-called 'artists' who bare their legs. He is a person ready to do anything to achieve popularity, full of silly ideas, certified as mentally ill.

[Question] Do you personally feel any pressure from this movement?

[Dereli] My cousin lives at the residence. He reports that during the month of Ramadan 2-3 people were not sleeping until sahur (late night prayers), and 6-7 people were keeping them company. They were listening to Islamic sacred music on the cassette. Some students taking exams in the morning were going sleepless as a result. Those who don't observe fasting are treated with contempt, receiving hard stares when eating. In our school the number of people eating lunch is remarkably low, indicative of those who are fasting or those who are

embarrassed about not fasting.

[Bilgin] When I see women wearing chador right in the middle of Taksim square certain questions arise in my mind - whether the dress code is being applied or not?

[Levent Ozkok, high school student] Everyone should have a faith. It should be possible to believe in a supreme being. But I think we live in a laic country. Therefore it is stupid to put pressure on anybody's beliefs, it might even be against the law. It seems that the followers of Adnan Hoja have not been able to make much headway in my school. I don't even know who he is. This thing has become so big because the youth at private schools are searching for something. You can impose on them any idea you wish. Adnan Hoja knows this and has thus benefited. But the question is what can they possibly expect to gain by imposing religion. I don't think they do it to go to heaven. They surely must have something to gain. I have not personally witnessed any of the events my friends are talking about.

No Need to Examine

[Question] Why do you think this movement has spread so much? Do you feel any need to read the Holy Quran to understand that?

[Bilgin] I have been reminded by Adnan Hoja that I perhaps ought to read it. First, certain rules are introduced in the name of religion. Then a man of science gets up and pronounces that it is all a misinterpretation. It is such contradictory interpretations that perhaps account for the need to read the book itself.

[Dereli] I feel as if I have already captured the logic of the Holy Quran. I am able to evaluate the rules, discriminate between sin and good deeds for myself. I am on the side of logic. I am progressing along the road I think is right, based on my logic and according to my beliefs. I also know what the Quran is and what it is not. Therefore I do not think it necessary to examine it. I am able to tell whether the newspaper stories are true or false. This I do using my knowledge and logic.

From the Logical Point of View

[Ozkok] Though you may wish to remain outside all this, when discussions continue on and on you begin to think there might, after all, be something to it. You want to read more. They don't know too much about it, I don't either. But since they evaluate it for themselves, you say to yourself "why don't I

read and evaluate for myself?" When logic enters the picture you make your own judgments even when you read the book. Therefore I don't see it necessary to read the Quran, either.

[Question] What have you gained from courses in religion at school?

[Dereli] I have not received any religious training from my family. My teachers at secondary school were graduates of the faculty of theology. During that period I recall a student not wanting to enter the class, but the teacher forced him to do so by asking a number of questions. The student entered the class in the end out of embarrassment. At high school we had a teacher who was something of a progressive intellectual. He used to approach any issue concerning religion from the logical point of view. Anything I have learned, I learned from him. But when we asked the same questions to another teacher during second year we got different answers altogether. He told us that the former teacher's views were sinful.

Not Dogmatic

[Ozkok] At our school there is no imposition. When our religion teacher says something everybody is free to comment without any constraint. There is no harm in this. Quite frankly, I see neither much good nor much harm in religion courses. But when you open a book in religion there is Adam and Eve. Then you open a book in biology and there is Darwin. You suspect there is something not quite right. Both are course books and you wonder which one is right. Both are written by experts. Since we can discuss anything in our school these do not become issues.

[Bilgin] I was at a private secondary school where the course in religion was not viewed as important. I took courses from the same teacher at high school. He would not force his ideas upon you, he was not dogmatic.

[Question] What do you think of the Holy Quran being taught in religion classes? Could it help resolve some of the disagreements?

[Bilgin] If education in high schools were properly organized the problem would resolve itself. Courses in religion should not be graded either. They should be designated as general culture courses. The student should be offered stimulation. That would happen only with a sound, organized system of education. Under the present conditions nothing is going to change. Going to religion class once a week is not going to resolve anything.

[Dereli] Since everybody offers his own interpretation the whole thing will end up becoming personalized. They will use whatever they read to reinforce already existing views. I don't think teaching the Quran in the classroom will bring resolution to any of the issues.

[Bilgin] One should not expect everything from the administrators either. As we are expressing our views here we should be able to discuss them with others. We should not exclude them. Maybe when we explain certain things they might be able to liberate themselves from dogmatism.

12466

CS0: 3554/165

ECONOMIC CRISIS DUE TO PROBLEMS IN TRADITIONAL SECTORS

Stockholm SVENSKA DAGBLADET in Swedish 27 Aug 86 p VI

[Article by Bengt Jonsson]

[Text] Nuuk--During the 1980's, and especially over the past few years, Greenland has been hit by serious economic problems. Almost all traditional sectors have gotten into difficulty. This is true of fishing, mining, and seal hunting.

And in Greenland, there are no alternative sectors that can be quickly developed to provide jobs. This is the world's largest island, but a good five-sixths of it is covered with inland ice that is kilometers thick. The ice-free area along the coast--three-fourths the size of Sweden--is where the 53,000 inhabitants live in large and small communities whose only link with the rest of the world is by boat or airplane. There are no roads between the various localities.

All of Greenland has an Arctic climate, there are no forests, and agriculture in the traditional sense is impossible. In the extreme southwest, where the climate is most favorable, there is sheepbreeding on a limited scale, but severe winters sometimes decimate the flocks. Next year, however, an experiment in cultivating hardy varieties of potatoes will be started.

Fishing is the dominant occupation and source of income in Greenland. Fish and fish products account for just over 90 percent of the country's export earnings, excluding ore exports. Cod fishing has been the most important activity, but it has suffered a disastrous decline.

Cod Have Disappeared

When cod fishing was at its best in the 1950's and 1960's, over 400,000 metric tons were being caught every year in Greenland waters. Almost all of that was taken by trawlers from the big European fishing nations. The catch dropped to around 50,000 metric tons per year during the 1970's. And in the early 1980's, the cod almost disappeared completely. Between 15,000 and 18,000 metric tons were caught in 1984 and again in 1985.

The reason for the decline has not been pinpointed, but marine biologists think it is due to a combination of overfishing and lower water temperatures. The water has now grown a little warmer, and oceanographers have noted large numbers of larval cod and fry. Cod fishing may be profitable again in a few years, provided that another cold period does not occur.

The Greenlanders have also had control over their own marine resources for the past couple of years. They have an economic zone extending for 200 nautical miles, and Greenland left the EC in January 1985 because it wanted to protect its fishing resources. It reached a favorable agreement with the EC, which pays 216 million Danish kroner each year for the right to fish in Greenland waters. The quotas are set according to biological criteria, and it is Greenland which decides how large a catch the EC will be allowed. In 1985 and 1986, there was no cod at all for the EC.

"Our Livelihood"

"We fishermen have now initiated close cooperation with the marine biologists, and we observe the quotas they recommend. Ocean fish are our most important resource--our livelihood--and they must not be exterminated," emphasizes Nikolaj Heinrich, chairman of the KNAPK, which is the organization of Greenland fishermen and seal hunters.

"The decline in the cod population was a hard blow to coastal fishing, and it was made worse by the fact that the salmon also disappeared to a large extent. Over the past decade, the cod fishing fleet has expanded to the extent that we have the capacity for landing 90,000 metric tons per year. As long as the quota set by the biologists remains under 70,000 metric tons, we will take it all ourselves. If it becomes possible to take more fish from our waters, the EC may again be assigned a quota for cod."

Nikolaj Heinrich also says that the KNAPK has proposed that trawling be halted in cod spawning areas. He wants the fishermen to adopt new methods that will not harm the stock of young fish, which are so important for the future.

That way of thinking is shared by marine biologist Lars Haumann of Greenland's Fisheries and Environmental Research Institute.

Lars Haumann says: "A changeover from fishing with nets and trawls to line fishing spares the small fish and provides larger fish of better quality. This applies not only to cod but also to ocean catfish and halibut. That is why we are currently fishing on an experimental basis with various kinds of line fishing boats."

Shrimping Expands

The thing that saved the Greenland fishing industry from going under completely when the cod and salmon declined was the increase in landings of halibut and, above all, shrimp. The PROEKS fish processing plant in the little town of Ilulissat, 180 miles north of the Polar Circle on Greenland's west coast, is operating at full capacity.

"The big season for shrimp is from May to November. We clean and freeze them. That comes to between 4,000 and 5,000 metric tons per year. Shrimping has expanded in recent years, and the fishermen are always discovering new shrimp fishing banks," says plant manager Paul Bagger.

"At the moment, 200 people, mostly women, are working in the plant. The men are generally out at sea. During the winter we handle over 2,000 metric tons of halibut. They are filleted, frozen, and shipped in halves to the smokehouse in Alborg. We also process smaller quantities of salmon and cod. What we concentrate on mostly is building up a stock of frozen raw material so that we can even the work out over the year."

Harsh Climate

Another way to ensure a more regular supply of raw material for Greenland's fishing industry might be to breed fish in containers in the numerous deep fjords. Attempts have been made, but they have failed. According to marine biologist Lars Haumann, the water temperature is too low for the types of salmon used in those experiments. Greenland's climate is harsh even under the surface of the water.

Seal hunting provides about 25 percent of Greenland's population with a livelihood. Seal meat is eaten by the families themselves and used to feed the sled dogs. Sales of sealskins once provided Greenlanders with badly needed income. But international boycotts directed against the slaughter of young seals in Canada have also hurt sales of Greenland sealskins, and export earnings have dropped to less than one-fifth of what they were 10 years ago.

The Greenex mine in Maarmorilik has been in the headlines this summer. Lead and zinc ore are mined there, and it is Greenland's largest workplace with over 300 employees. Because of low prices for those ores on the world market, the Canadian owner--the COMINCO group--wanted to close down the mine. After many complicated rounds of negotiation, the upshot was that Boliden bought the mine, and the Swedish firm has promised to continue mining operations for at least another couple of years.

Petroleum Operations Delayed

The Greenlanders have long been hoping to find petroleum and gas along certain coastal areas where geological conditions are favorable. But as a result of the sharp drop in crude oil prices, it will apparently be a while before any oil company seriously ventures to drill for petroleum and gas in Greenland territory.

The economic difficulties of recent years have led to higher unemployment in Greenland. The figure was 10.9 percent in 1985. Greenland's Executive Council is also facing big problems. For the coming year, 400 million Danish kroner will have to be cut from a budget of 1.6 billion kroner. Housing construction will be hurt most of all, even though the housing shortage is very severe. As a result of overcrowding, social problems in Greenland have grown steadily worse.

The chairman of the Executive Council, Prime Minister Jonathan Motzfeldt, is very concerned about all the economic problems. He knows that a couple of lean years of economizing are ahead for Greenlanders, but he believes that the fishing industry can expand. New methods and fishing for previously neglected species can provide both job opportunities and incomes. And he is also hoping that the important cod will return.

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CSO: 3650/303

PARALLEL ECONOMY PHENOMENON AFFECTS NATIONAL ECONOMY

Athens ETHNOS in Greek 9 Sep 86 p 6

[Excerpts from the column "Opinion": How Paraeconomy Will be Wiped Out].
By general consensus, one of the most **vital**, most burning, and most timely points of the interview the premier gave in Salonica concerns para-economy--circulation, that is, of undeclared income.

The government's intention of wiping out paraeconomy is not based only on reasons of justice and equal treatment of citizens. It is also based on anti-inflationary, fiscal and developmental reasons since declaration of undeclared income will be compulsory so the state will receive its legal share.

One can estimate the astronomical level of para-economy if one considers:

--That several billions being collected each year as commissions by wheeler-dealers are not being recorded at all...

--That several billions earned each year by middlemen are not reported anywhere...

--That tens of billions being hidden each year by inflating cost vouchers escape the tax authorities...

--That thousands of enterprises have two or three sets of books, thus hiding with convincing skillfulness their rear turnover...

--That thousands of enterprises save thousands of billions in taxes by way of fictitious vouchers...

--That tens of thousands of farmers whose annual income exceeds the allowable non-taxable amount do not even file a tax return...

--That billions are being made each year by "gambling in foreign exchange," not only by legal dealers, but by thousands of unknown profiteers who deal in currencies...

--That enormous amounts derived from speculation remain elusive for lack of tables for determining its objective value...

--That "big business" by wholesalers (concealments), outstanding lawyers (out-of-court settlements), outstanding doctors (extra fees), etc., etc., are not caught by traps set up by the tax authorities...

--That astronomical amounts derived through criminal activities (illegal gambling, marketing of narcotics, smuggling, etc., etc.) create large incomes which exert pressure on the price index...

Para-economy is indeed a fact which tends to assume dimensions of a national plague and deprive the state of vital resources.

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CSO: 3521/3

IMPORTS UP, IMPROVED BALANCE OF CURRENT ACCOUNTS

Athens I KATHIMERINI in Greek 9 Sep 86 p 15

[Text] Despite restrictive measures imposed by the government, the increase in imports continues. Specifically, in July imports increased by 112 million dollars (16.5 percent) compared to July 1985, while during the 7-month period of 1986, total imports reached 4,801 million dollars. They increased, that is, by 11.5 percent compared to the corresponding 1985 period.

However, this increase in imports, which slows down the success of measures the government took in October 1985 and especially devaluation, was offset by the impressive increase of funds Greece received from EEC. While these funds during the first 7 months of 1985 totaled 433 million dollars, in the 1986 7-month period they increased by 100 percent and reached 859 million dollars. Specifically, receipts from EEC in July reached 251 million dollars compared to just 74 million in July 1985--an increase, that is, of about 200 percent.

On the other hand, the drop in oil prices, which continued into July, allowed a decrease in foreign exchange expenses for payment of fuels by 780 million dollars or 42.4 percent. Specifically, in July 1986 we paid 50.5 percent fewer dollars for fuels compared to payments made in the corresponding month last year. The final benefit was 106 million dollars.

Exports showed a slight increase of 2.1 percent during the 7-month period of 1986 despite devaluation. Calculated without fuels, these exports increased by 13.2 percent. July developments appear better with an increase in exports by 21.8 percent in dollars (25.4 percent without fuels).

As a result, the trade balance deficit decreased by 9.1 percent during the 7-month period. But despite this, it reached 3,366 million dollars.

Income from invisible resources show a noticeable improvement in dollars (25.8 percent) compared to the 1985 7-month period and even greater improvement in July (52.7 percent). But it is evident that it was mainly influenced by the increase of funds collected from EEC. For example, during the 7-month period travel foreign exchange increased by 23.4 percent; immigrant by 11.9 percent; maritime by just 1.9 percent; while funds from EEC increased by 98.4 percent.

During the same 7-month period, invisible payments increased by 6 percent and in July by 49.7 percent. As a result, the surplus of invisible resources improved by 30.5 percent during the 7 months and by 54 percent in July.

At any rate, during the 7-month period, inflow of entrepreneurial capital from abroad for investments remained stagnant proving that during this period the entrepreneurial climate in Greece did not improve at all.

Finally, due to the significant decrease in fuels' payments and the surprisingly great amount of funds from EEC, the July deficit of current accounts appears decreased by 38 percent. However, it is evident that its improvement is due to exogenous factors, a fact which the National Economy Ministry indirectly accepts. In a relevant announcement the ministry points out that the upward trend of imports also makes necessary faithful implementation of the monetary credit program during the second half of 1986.

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CSO: 3521/5

AILING ENTERPRISES REPORTEDLY TO CLOSE

Athens I VRADYNI in Greek 8 Sep 86 p 17

[Text] Around 4,000 working people will become unemployed at the end of the month as 15 ailing enterprises which were judged non-viable will close down.

The relevant reports published in yesterday's VIMA, states that the remaining non-viable enterprises will close down within the next 2 months. As a result, by next Christmas 8,000 working people will have no jobs. According to this report of the pro-governmental newspaper the first 19 ailing enterprises which will close down are:

--VEKO, Inc.: Its debt has risen to 6,336 million drachmas from 3,373 million 2 years ago when it was judged an ailing company. It has 180 employees who will be discharged.

--VIONYL, Inc.: Its debt is 2,815 million drachmas compared to 1,862 million in November 1984. Its force of 125 persons will be released.

--ELVISAK, Inc.: It has a debt of 227 million drachmas compared to 238 million in February 1984 when it became an ailing enterprise. Its force of 68 persons will lose their jobs.

--ETOUAL, Inc.: It was judged an ailing enterprise in August 1984 when its debt had reached 283 million drachmas. It has risen to 350 million drachmas and 181 persons will be without work.

--DAIMS, Inc.: It became a problematical enterprise in 1984 when its debt had risen to 651 million drachmas. Its debt today is 681 million. It employs 107 persons.

--PROFILE Aluminum: It has a debt of 3,649 million drachmas compared to 2,159 million in May 1984. It will release 110 persons.

--SAN LAIT, Inc.: It became non-viable in March 1985. Its debt is 540 million drachmas compared to 386 million 30 months ago. It employs 177 persons.

--SKAPANEUS: Its debt has risen to 23,500 million drachmas from 14,319 million in October 1983. It employs 27 [sic] persons.

According to the same VIMA report the Salonica Appeals Court heard arguments on applications for receivership for the following companies:

--ILIOS, Inc.: It became an ailing company in April 1985 with a debt of 886 million drachmas which today has risen to 1,200 million. It employs 309 persons.

--VIOVALV and its subsidiary SINDOS. They became ailing companies in December 1983 with a debt of 834 million drachmas. Today they owe 943 million. they employ 128 persons.

the Athens Appeals Court also adjudicated receivership applications for the following companies:

--PERFIL: It was judged an ailing company in May 1984. It owes 4,456 million drachmas compared to 2,716 million drachmas 2 years ago. It employs 351 persons.

--ELLINIKI VIOMIKHANIA ZYTHOU, Inc. (ALFA): It was ruled an ailing company in February 1984 with a debt of 9,501 million drachmas. Its debt today is 12,337 million. It employs 285 persons.

It is expected that the court will hear arguments for receivership applications on the following companies:

--OUZO TYRNAVOU, EGL, Inc., and KOUPAS, Inc.

Finally, a receivership application will be submitted in September for VIOMIKHANIKI ENDYMATON VOLOU, Inc., which was declared an ailing company on 14 December 1983 with a debt of 1,876 million drachmas. Today, it owes 2,384 million. It employs 524 persons.

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CSO: 3521/5

BRIEFS

TRADE WITH EASTERN BLOC DOWN--Our transactions with Eastern countries and especially with Romania and Bulgaria are decreasing. Trade with Romania shows a noticeable slowdown. From 67 million dollars in 1982, our exports dropped to 52 million in 1983; 37 million in 1984; and 39 million in 1985. Imports from Romania during the first 5 months of the year reached 17 million dollars while in 1985 they reached 56 million; in 1984, 57 million; and in 1983, 33 million. On the other hand the pensions of repatriated political refugees continue to be a problem. Romania is the only country with which no agreement has been signed on this question. The volume of our transactions with Bulgaria during the first 5 months of 1986 increased by 29.2 percent. [Excerpts] [Athens I VRADYNI in Greek 10 Sep 86 p 15] 7520

CSO: 3521/5

EXCERPTS FROM 1987 BUDGET MEMORANDUM

The Hague ANP NEWS BULLETIN Special Edition in English 16 Sep 86 pp 1-10

[Text] Introduction

The Netherlands Minister of Finance, Dr H. Onno Ruding, today presented the 1987 Budget to parliament in The Hague. The package of financial measures prepared by Minister Ruding for 1987 will result in a reduction in central government expenditure in the Netherlands of 1.5 billion guilders from 1986 to 1987. This will be the first time since 1957 that public expenditure in the Netherlands has been lower than it was the year before.

Continuing Growth

The Dutch economy will continue to grow in the years ahead. Sales of goods at home and abroad will increase by 3 percent in 1987. The continuing growth in output will be reinforced by growing company investment. Real disposable income will increase markedly for all sections of the Dutch population, partly because inflation in 1987 will actually be negative. Private consumption will increase once again, by an estimated 2.5 percent in 1987. Moreover, an increase in employment equivalent to approximately 40,000 man-years if forecast for 1987, indicating structural recovery in the labour market. Economic recovery which, as on previous occasions in the Netherlands, began with exports, is now also receiving a clear stimulus from within the country and is, as a result, stronger and more stable.

Economic Policy

The Dutch economy is developing in tandem with the economy of West Germany, with which it has very close ties. Economic growth in Europe as a whole is gathering momentum. In contrast to the United States and to some extent in line with developments in Japan, economic growth in Europe is increasingly drawing support from internal factors. The net effect of the increase in domestic demand in Europe and the levelling off of growth in exports is a 2.5 percent rate of growth in Europe, with the possibility of a further rise in the rate in 1987. This will also be the case in the Netherlands, although the sharp fall in natural gas revenue as a result of the drop in oil prices will cause a temporary problem in 1987, albeit primarily for the national

exchequer. Leaving aside the energy situation, national income in the Netherlands will develop parallel to that of West Germany.

Negative Inflation

In 1986, for the first time in many years, inflation will be reduced to zero in the Netherlands. This result owes much to the very modest wage increases and, partly as a result of this, the marked slow-down in price increases over the past few years. The fall in the price of oil registered at the beginning of 1986 and the sharp drop in the value of the American dollar against the guilder will help to cut the rate of inflation still further in 1987, and the price index for private consumption is actually expected to fall by 1 per-cent.

Prices Fall

In practical terms this means substantially lower prices for households and firms. A large part of the price cuts enjoyed by firms will also be passed on to households in the lower prices which they charge for their goods.

The reduction in natural gas charges for domestic users is the most important single factor contributing to the drop in prices. Other energy prices (particularly electricity rates) and the price of imports will also help to bring down prices, but their impact will be less marked than in 1986. Upward pressure on prices will come from rent increases, which will average 2 percent on 1 July 1987, and the effects of the proposed increase in VAT on 1 October 1986 and in excise duty on oil products a month later.

Increase in Real Disposable Income

Reductions in social security contributions, the absence of price increases, and lower prices for certain commodities such as natural gas, will result in an increase of some 2.5 percent in real disposable income from private sector employees in 1987 and 1.5-2 percent increase for public servants and recipients of social security benefits.

Evolution of real disposable income in 1986 and 1987.

(% change compared with preceding year)

	<u>1986</u>	<u>1987</u>
Modal employee in private sector	2.5	2.5
Lowest income categories	1 to 1.5	1.5
Modal public servant	1.5 to 2	1.5 to 2

There will be an associated increase of 2.5 percent in private consumption in 1987, compared with 3 percent in 1986. Extra expenditure is forecast on consumer durables and travel.

Company Profits Up

Dutch industry has become more profitable. The ratio of wages to profits in the private sector (the earned income ratio) will stabilise at just over 81 percent in 1987, after a sharp fall in 1986 from 84.5 percent to 81 percent. The recovery of company profits may also be accompanied by an increase in real disposable income, not only for employees in the private sector but also for public servants and those receiving social security benefits. This is despite the fact that in the case of the latter categories, nominal incomes are frozen.

Investment Increases

Business investment will continue to rise. After the 8 percent increase in 1986 it will rise by 4.5 percent in 1987 to reach a level 30 percent higher than that of 1982. A notable feature of the 1987 figure is a 10 percent increase in investment in business premises. The figures are encouraging, being achieved despite the increase in the burden of social charges and the postponement of investment in the energy sector as a result of the drop in oil prices.

Exports Increase

Continuing growth in other industrial nations and the improvement in the competitive position of the Netherlands are having a beneficial effect on exports. Moreover, the drop in oil prices may stimulate international trade, which is of crucial importance to the Netherlands. There is thus the possibility of further growth in Dutch exports. For 1987 a surplus of 13.5 billion guilders is forecast on the current account of the balance of payments, compared to 17 billion in 1986. The Netherlands is once more expected to increase its share in foreign markets in 1987. Imports of goods will rise again in 1987 as a result of increased consumption and investment.

Increase in Employment

The pattern of increasing expenditure and rising imports will lead to an increase in business output of 2 to 2.5 percent in 1987. This figure rises to 3 percent if the energy sector is excluded. Employment in the private sector can thus continue to increase. Despite a decline in the number of public servants and workforce reductions in the health sector, total employment will increase by 40,000 man-years in 1987.

Rise in Savings

National savings have now returned to the level prevailing in the second half of the nineteen seventies, despite the public sector deficit. The increase in business savings in response to the recovery of profits has been particularly important in contributing to this revival. Personal savings in the Netherlands still hover around 10 percent of National Income. Such savings may be subdivided into contractual savings for pensions and other insurance schemes (8 percent) and other uncommitted personal savings (2 percent).

Financing the Budget Deficit

There are no problems associated with financing the Dutch budget deficit. The amount actually to be financed this year will be particularly low, thanks to one-off repayments to the central government of Housing Act loans by the housing corporations. The Coalition Accord concluded on the formation of the new government in July provides for a phased reduction in the financial deficit to 4.5 percent of GDP in 1990, according to the following timetable: 7 percent in 1987, 6 percent in 1988 and 5 percent in 1989.

Burden of Social Charges

The burden of social charges will remain more or less stable from 1986 to 1987. The social insurance contributions will fall slightly as a percentage of gross salary for both employers and employees. The burden of non-tax revenue which is equivalent to a social charge will fall as a result of lower revenue from natural gas. There will be a slight increase in the tax burden.

Burden of social charges as a % of GDP

Tax burden	26.0%
Social security	20.0%
Non-tax revenue which is equivalent to a social charge	<u>0.8%</u>
Total	46.8%

The 1987 Budget

The 1987 Budget is the first prepared by the Government which took office in July 1986. The Coalition Accord concluded on the formation of the new government provides for measures worth a total of 18.5 billion guilders to be taken in the period up to 1990 with a view to curbing the central government deficit still further. A total of 1.2 billion guilders will be available for additional expenditure.

Cuts

Natural gas revenue in the national budget will fall by 12.6 billion guilders from 21.2 billion guilders in 1986 to 8.6 billion in 1987. In order to cope with this fall, the Minister of Finance is submitting proposals to parliament for a substantial package of cuts and fiscal measures worth 12.3 billion guilders. This would have the effect of containing the financial deficit at 7 percent of GDP.

Cuts in 1987 will total 5.4 billion guilders. Savings of 2.4 billion guilders will be made on departmental budgets, 1.2 billion on the salaries of public servants and employees whose salaries are linked to them, 1.2 billion on social security and 0.6 billion on public health. 3.7 billion guilders of the cuts proposed will contribute directly to reducing the budget deficit.

Increase in Revenue

In addition to the spending cuts, measures will be taken to increase state revenue by 6.9 billion guilders. Fiscal measures are expected to raise 4.6 billion guilders and other measures 2.3 billion. The fiscal measures consist of a reduction and alteration in capital allowances and the abolition of stock allowances in income tax and corporation tax (which will account for 1.8 billion guilders), an increase of one percentage point in both rates of VAT, bringing the reduced rate up to 6 percent and the normal rate of 20 percent (this will yield an extra 2.0 billion guilders), an increase in excise duty on mineral oils of 9 cents per litre and a corresponding increase in the LPG surcharge (yielding 0.8 billion guilders). Non-fiscal measures to increase revenue will yield 0.9 billion guilders. These consist of the knock-on effect on natural gas revenues of the increase in excise duty, which will raise an extra 0.5 billion guilders, while the sale of state shareholdings and extra gas sales will yield a further 0.4 billion guilders. Various incidental items of revenue worth 1.4 billion guilders will bring the total to 6.9 billion for 1987.

Overview

	Budget Projection 1986	Outturn 1986	Budget Projection 1987
In billions of guilders			
Central government expenditures	169.5	169.3	167.9
Central government revenue of which:	142.9	157.4	138.6
early repayment of loans for Housing Act construction (e.r.l.)	(0.7)	(13.0)	(*)
Central government deficit	- 26.5	- 11.9	- 29.3
Central government deficit ex- cluding e.r.l.	- 27.2	- 24.9	- 29.3
as a % of National Income			
Central government deficit	6.3	2.8	6.7
Central government deficit excl.e.r.l.	6.4	5.9	6.7
Public expenditure financed directly on the capital market	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>
Central government deficit excl. e.r.l. and including debudgeted items	6.7	6.2	7.0

(*) = token entry

Additional Expenditure

Measures to limit the public sector deficit plus incidental extra revenue will produce a total of 12.2 billion guilders in 1987. Over against this, a sum of 534 million in additional expenditure was announced for 1987 in the Coalition Accord. The Government has added a further 260 million guilders to this figure, making a total of 794 million guilders for extra expenditure in 1987.

Overview of expenditure increases in 1987 (millions of guilders)

Job Creation measures	250
Education	50
Police, justice	50
Soil clean-up schemes	16
Measures to tackle problem of surplus manure	25
Total local government	143
Central government contribution to National Road Fund	100
Annual supplement for families living on minimum income for more than one year	60
Investment PTT	<u>100</u>
	794

Slimming Down the Civil Service

Major Operations

Further steps will be taken to cut back the public sector in favour of the private sector in the Netherlands. In this connection the major operations initiated under the previous government will be continued and intensified by the new cabinet. The topics of reassessment, privatisation, central government staff cuts and deregulation will be discussed briefly below.

Reassessment

As is customary, the results of the latest round of reassessment are presented on Budget Day. The surveys are prepared by the beginning of February for use in the preparation of the next budget. The completed reports are then sent to parliament. Cabinet decisions on the recommendations and policy variants are communicated to parliament as soon as possible.

Privatisation

The Coalition Accord states that decisions must be taken within six months regarding the current round of privatisation studies. The studies concern some 34,000 public servants.

Slimming Down Central Government

Under the slogan "Less government but better government," the Coalition Accord announced that the central government apparatus and the quaternary sector would be cut back in the course of this government's period of office. To quote the Coalition Accord: "There is a need to reduce the government's role in many fields, making its responsibilities more general and concentrating on strategic aspects." In hard figures the Accord proposes that 20,000 jobs should be shed in central government over the next four years. This would mean savings of 1 billion guilders in government expenditure. Each sector will be expected to achieve a 1 percent reduction in staff in the context of an efficiency drive. Over and above this a further reduction to limit bureaucracy will be imposed at a rate that will vary from department to department but that will average 2 percent.

Central Government Staff Cuts in 1987

Shortage of time prevented the government from producing detailed plans for staff cuts in 1987. The 2 percent operation introduced under the previous government will therefore be continued in a modified form. As a result, 1,637 establishment posts will be dispensed with in central government.

A 1 percent reduction for the sake of efficiency will also be applied. There will be a 3 percent reduction in the number of establishment posts at the Public Servants' Superannuation Fund (ABP) and among the civilian employees of the Ministry of Defence. These measures together will result in the loss of a further 2,363 posts in 1987.

Deregulation

The new government will energetically pursue deregulation in its period of office. Private firms, ordinary citizens and local government are still subject to too many rules and regulations.

/9274

CSO: 3600/2

REASONS FOR SLOW ECONOMIC GROWTH EXAMINED

Amsterdam ELSEVIERS WEEKBLAD in Dutch 21 Jun 86 pp 7-9

[Article by Henk Schol: "Dutch Economy Plagued by 'Pfeiffer's Disease"; first paragraph is EW's introduction]

[Text] While the competition is slowly getting going again, the Netherlands is doing a step-in-place at the tail end of the platoon. The economic recovery is dawning, but it is going terribly slowly. Strange, really, because the purchasing power and work opportunity are growing. Is it just a mirage? The Netherlands is presented the bill for many years of over-spending.

A dawn in slow motion. That is just about the speed at which the Netherlands is recovering. In a frustratingly slow manner the national economy is crawling out of the valley in which it had landed at the beginning of the eighties.

That already weak tempo is in danger of declining even further in the coming years. The day after the elections of 21 May--a little stroke of luck for Lubbers?--the OECD was the first to spoil the mood of the policy makers in The Hague by announcing that the economic growth of the Netherlands would dive below 1 percent next year. Informateur De Koning bravely made it known that he would not take the curious views of these Parisian doomsayers into account.

A little while later, however, our "own" Central Planning Bureau also had to adjust the figures downward--although much less pessimistically. In the 1986 Central Economic Plan which came out at the beginning of May, the Planning Bureau was still expecting a growth of 2 to 2.5 percent for this year and 2 percent for 1987. Recalculations at the beginning of this month did not achieve a growth of more than 2 percent and 1.5 percent respectively.

With that, the Netherlands is falling farther behind the growth of fellow aspirants in the Western world. The Federal Republic of Germany and the United States count on growth figures of 3.5 and 3.75 percent for this year. For Western Europe on the average, the OECD keeps the figure for this year at 2.75 and for next year at 2.5 percent.

Then how about the Netherlands? The 1986 election year presents a reasonably sunny picture in numerous respects--except for the weather itself. The purchasing power is increasing considerably, work opportunity is increasing, even though only slightly, and unemployment is steadily decreasing.

That last development would look even more encouraging if the corruption which the Ministry of Social Affairs discovered in the constituency of registered unemployed were wiped out. A recent investigation by the department showed that one out of four of the almost 700,000 registered unemployed actually hold a job! 10 Percent even have a regular job, 15 percent have a temporary job. One out of 8 unemployed in fact do not meet the definition (study, are ill or are looking for a job of less than 20 hours a week).

On the other hand there is a small army of men and women who would like to work but do not (yet) want to make use of the aid of the employment bureau. Even if that group is included in the calculations, the unemployment figure would still fall significantly below the figures being used now.

Behind

At first sight, the Netherlands anno 1986 really doesn't look that bad. However, we are getting behind. Apparently the problems go deeper than what is apparent on the surface by the improved purchasing power, increasing consumption and investments and decreasing unemployment.

The Netherlands is struggling with the economic variant of Pfeiffer's disease. It is an obnoxious viral infection which is not only difficult to eliminate but can also easily return when the patient manifests a somewhat weaker condition.

The "over-consumption" virus has eroded the resistance of the Dutch economy in the sixties and seventies. Much too large a part of the then rather decent economic growth was "consumed" and not invested in strengthening the economic foundation.

Wage demands were met which exceeded the actual capacity--the extra production per person per year, or the increase of the labor productivity. In that manner the profits of industry were skimmed off and the financial resistive capability of many companies undermined. Whereas in the sixties well over half of the total capital invested by companies consisted of "private capital" (stocks, reserves), at the beginning of the eighties that ratio, the solvability, had diminished to one third. In the too hefty wage increases, the cost of the expanding collective sector was also negotiated. Consecutive governments in The Hague inseparably riveted together the incomes of those who eat from the state trough or from the social funds with the wage increase rounds in the market sector which actually were too high already. Through the flywheel of passing the buck, which was turning at full speed, the bill was presented to the entrepreneurs.

Of course, the latter were themselves present. However, just as was the case with union leaders and politicians, many CAO [Collective Labor Agreement]

negotiators from business circles were robbed of a realistic view by the shadow cast by trees which seemed to reach to the sky.

There was actually no reaction at all to the first oil crisis, in 1973. A second oil shock therapy (in '79-'80) was needed to bring the Netherlands back to the ground with both feet.

Suddenly companies no longer appeared to be able to absorb this new setback. Investments fell completely flat, after many years of an already decreasing growth. Unemployment rose dramatically. And there was no longer a stimulating Father State who could help out. He had already been living beyond his means for many years, partly in the assumption that the Dutch [natural] gas bubble would ultimately solve all budgetary problems. Meanwhile we know that the gas bubble turned out to be a soap bubble.

One little stroke of luck in this misfortune was that at the time of the crisis it was discovered that many of those subject to taxes and [social] premiums worked partially or fully clandestinely. Also, slowly but surely it was realized that it was not exactly promoting the construction sector when an average row-house inhabitant had to go as high as the Council of State before being permitted to have a dormer built in his roof.

The Netherlands, which at the time of the Van Agt cabinets was not yet "ripe" for adjustments, turned out to be more willing to accept an anti-Pfeiffer cure at the time Dr Lubbers and his fellow assistants took office.

Pill

Wage moderation came out of the medicine cabinet. But in CAO country the sun does not rise in vain. Hence, as a reward for the conscientious swallowing of this pill, employees were allowed a somewhat shorter average workweek. In essence it was a counterfeit pill, a placebo, this work time shortening. After all, ATV [work time shortening] is just as much an improvement of labor conditions as a wage increase, except that it is now paid in free time. This remedy did, however, soften the consequences of reorganization in industry on work opportunity. Thus ATV can be at most a painkiller.

Also the entrepreneurs themselves were given a little pill by the doctor, in the form of a few billion guilders in lower burdens. Further, a careful start was made with the surgical removal of the protuberances in the middle of laws and regulations which frustrate the dynamics of the economy.

"More market, less government" became one of the methods of treatment of Pfeiffer's disease in the economy. That credo also received a financial interpretation. Hefty cutbacks in government expenditures and in those of the social funds caused the share of the collective sector in the national economy to decrease from over 70 percent in 1982 to a little below 67 percent this year.

In one area Lubbers achieved a Pyrrhic victory. The financing deficit of the government decreased from 10 to 8 percent in the cabinet period which has just

finished. That "profit" is in danger of being entirely lost next year as a result of the natural gas income of the government being halved.

Therefore state informateur De Koning is facing a difficult dilemma. Can we, here in The Hague, sell the Netherlands on the idea that another 4 years of hefty cutbacks are necessary after government expenditures have already been cut into so deeply?

The answer will certainly be: No, we can't achieve that. Thus negotiators De Vries (CDA [Christian Democratic Appeal]) and Nijpels (VVD [People's Party for Freedom and Democracy]) are steering toward a cutback package of about half of the 35 billion guilders which were weeded out during the last 4 years, even though the financial problem of the government--a deficit of 10 percent of the national income in 1982 and 1987--is exactly the same. Greater, actually, for in the meantime the national debt and interest share of the budget have only grown.

The other side of the coin is the fact that cutting back curbs economic growth, at least in the short term. It may be true that politicians often look toward infinity, but as a rule they look a maximum of 4 years ahead.

After all, they have to score in order to promote their reelection. That is also the reason that during the election campaigns all the attention went to the beneficial result of the Lubbers prescription that indeed had borne fruit. And for that matter, not entirely undeserved. But the suggestion that "The Job" can be "finished" in the coming 4 years is optimistic, to say the least.

That image also led to general incomprehension of the lack of willingness in the enterprising Netherlands to invest heavily. Namely, things aren't going too well in that corner. Investments are rising very slowly, but for the coming years even a decline of that average snail's pace is expected. That perspective makes some people so impatient that they think the government should take the lead on the investment front, notwithstanding its awkward financial circumstances.

Why is the industrial sector in the Netherlands still investing merely little by little? Because it is still far from recuperated from Pfeiffer's disease, the over-consuming which unbalanced the economy in the sixties and seventies.

Advance

With the growing purchasing power and thus the increasing consuming possibilities, the Netherlands is in fact once again taking an advance on a reward not really earned yet. But yes, the dilemma is great for the policy makers in The Hague. Apparently it is not possible to keep on a tight budget for a number of years a society which since the liberation has become accustomed to an annually increasing prosperity--at least in its own pocket.

There is one advantage to taking a little advance on the reward not yet earned. It is true here too: in the short term a somewhat higher economic growth will come about as a result of increasing consumer spending.

But the continually greater loss of ground booked by the Netherlands on the international level simultaneously indicates that structurally--on the issue of the fundamental condition of the economy--too much is still lacking to take a new jump forward.

Not only do Dutch enterprises have too little financial resistive capability on the average. Not only is the average return on investment still too low. The Netherlands moreover gets the bill presented to it for an investment level which was too low for many years--compared to that of competitors on the world market. Although the moderated wage development of the past few years may have improved the Dutch competitive position on the cost side, the country scores far below the average in the areas of modern production techniques and of superior quality products. And that is where the battle must be won in the coming decades.

It is rather paradoxical that everyone agrees with this finding. The report "The Netherlands in the World Economy, Perspectives and Possibilities" which was published by the Social Economic Council last year contains hardly any other conclusions than those arrived at a few years earlier by the Wagner commission.

The SER [Social Economic Council]: "It has been demonstrated that Europe (and the Netherlands) has (have) acquired a serious gap relative to Japan and the United States both with respect to economic growth and the restructuring and modernizing of industry. (. . .) If the Dutch position (on the world market, HS) is judged on the basis of the advanced product groups list utilized by the European Commission, then it appears to be a matter of a dramatic worsening, even though this recession appears to have come to an end at the beginning of the eighties."

That the "dramatic recession"--which doesn't apply only to the products package--has come to an end is no reason whatsoever for being cheerful.

Whereas it is true that the Netherlands as a whole ought to grow more rapidly than its competitors in order not just to earn the money with which to finance closing the gaps, a more rapid growth than average is also desired to take care of the comparatively much more rapidly increasing labor supply.

Services

The commercial services sector is responsible for almost half of the total employment opportunity and thus determines to a not unimportant extent the total development of work opportunity. The Central Planning Bureau does not appear very optimistic about the future of the commercial services sector as a contributor to the strengthening of the Dutch export position.

It is expected that the Netherlands will get even farther behind other exporters of services in this area. Here too the bottleneck is the inadequate investment level which causes technological gaps. The Planning Bureau also sees the insufficient availability of qualified personnel as a curb to growth.

The total output of the services sector nevertheless can continue to grow at the current, likewise not very rapid, level, unless the generic wage moderation is continued, without a tax decrease. The latter road is impassable for the time being, in view of the many budget holes it is paved with.

Economists are racking their brains to find the prescription which can deliver the Netherlands from Pfeiffer's disease, which has maneuvered the country into a sort of stagnant fall, or--at best-- a "slow growth fall."

Economist Professor drs S.K. Kuipers calls the situation in which the Netherlands has landed a "lengthy process of adjustment." "The average returns are still far too low. The labor income share--the share from the total income eaten up by labor costs--will not dive below 80 percent in the coming years. But if we want to keep up with a faster growth, the necessary things will still have to be done about that.

"Capital ratios have not yet recuperated from the setback of the last years. There are two ways to improve that: make more profit and with it pay off foreign capital, or invest and finance those investments from profits or through the attraction of private capital through new stock issues. Those issues only succeed, however, if the level of returns is high. That level is low just now. Thus the contribution of public issues is limited. Therefore recovery is taking place slowly and you can't accelerate it."

According to Kuipers a moderate cost development continues to be the most important medicine. According to him, the crucial question will become: will a differentiated wage policy succeed? "If the wage structure stays as rigid as it is now and everyone just sits looking at everyone else regardless of whether he works in a branch of industry with good returns or bad returns, we will continue to have problems for many years. The recovery will continue to take place--leaving aside shocks from the outside for the moment being--but it will be at an extremely low tempo."

The Netherlands really hasn't had much luck. No sooner have we finally shaken off the spook of inflation, aided by the collapse of the world oil market, than the prospect of decreasing prices even presents itself and turns out to be an obstacle for further wage moderation or wage differentiation.

After all, to consistently continue with that moderation would mean that nominal wage decreases are required. But to sell this idea to employees, who since the liberation have found every year more guilders in their pocket, is a complicated matter. Purchasing power is something Johnny Average doesn't take into account, even though some politicians fight to the death for a better "picture." It is the thickness of the wage envelope that counts. In the jargon of the experts that false idea is called money illusion.

The guardians of the country's industrial sector at the Ministry of Economic Affairs also are mortally afraid of this money illusion. Drs G. Zalm, chief of the administration of general economic policy, considers a moderate but differentiated wage development of vital importance in being able to increase the slow recovery tempo through permanent improvements. Our growth

tempo is still almost at the critical limit. My greatest fear is a new international shock. For the Netherlands it is of vital importance that the economy become more dynamic."

As to wage development, it might be more dynamic to make profits partly dependent upon wages. In ECONOMIC OUTLOOK of December 1985 the OECD delivered a warm plea for this manner of flexibilizing the labor market.

Resistance

In the coming years industry needs the financial space to strengthen both its capability to resist and to invest in the improvement of its competitive position. Better machinery, superior products and top quality are the key words in that respect. If that process doesn't speed up rapidly, the Netherlands will, for the time being, continue to plod along at a snail's pace to the year 2000. International investors--who can also be found in the Netherlands--will also pass our door or leave us if the "climate" doesn't improve.

The "flight of capital," already sizeable now, will continue even if a small army of surprised people protests at the border. It so happens that money streams toward the spot which yields the greatest return. That return turns out better not only when locally a low level of costs prevails, but also when there are factors such as a supply of modern capital goods, a complement of well-trained employees, an adequate infrastructure and a decent level of research and development. On that last point also, the Netherlands has been deficient for a number of years, according to the OECD this spring.

The Netherlands is rising up again, but there isn't much yeast in the batter. Thanks to the labor costs moderation, the slightly decreased greed of the collective sector and, especially, thanks to the international recovery, the situation seems considerably improved, at least on the surface. The Netherlands, which depends on export for two thirds of its national income, must undergo a subsequent cure in order to attain a fundamentally strong position on the world market. While it is still not halfway through the recovery process, it seems as if its resistance capacity is already waning. The first profits are distributed in purchasing power--and hence in consumption opportunities--and heavier tax burdens are awaiting industry in order to help the government out of the financial mess. That too is called cutting back, these days. No, Lubber's job is by no means finished. Former Minister Van der Stee once uttered the often quoted statement: "What is needed is guts!"

He himself didn't have much guts, but he was right.

8700

CSO: 3614/119

INDUSTRY LEADER COMMENTS ON OPPORTUNITIES IN USSR

Oslo AFTENPOSTEN in Norwegian 10 Jul 86 P 20

[Article by Halvor Hegtun: "Soviet Deputy Minister--Norwegian Industry is Welcome"]

[Text] The Soviet Union would like to have Norwegian firms participate in what is being called "the industrial project of the century" on the Kola peninsula. A Soviet commission has worked for some time with the plans which are aimed at improving the utilization of the enormous mineral resources in the area.

A. N. Mansjunkt, Deputy Minister for Foreign Trade, tells the Finnish newspaper KANSAN UUTISET that the Soviet Union has had contacts with Swedish, Finnish, and Norwegian firms regarding a possible cooperation.

Last year former Trade Minister Asbjorn Haugstvedt was in Kirovsk on the Kola peninsula together with representatives for Elkem, Orkla Industries and A/S Prosjektering. As far as AFTENPOSTEN knows, to date none of these companies have received contracts with the Russians.

"I got the impression that the Russians had their feelers out in many countries and that there will be a tough fight for the contracts," Asbjorn Haugstvedt tells AFTENPOSTEN.

The Norwegian delegation visited several mines where ilmenite is extracted. The ore also contains many other valuable minerals, and the Russians would like to get help in extracting them.

"The Norwegian firms have been waiting long for a more concrete initiative," says Asbjorn Haugstvedt.

The search for ore on Kola has discovered traces of 700 minerals, approximately one fourth of all known minerals.

In an interview with the Finnish newspaper the deputy minister says that the Soviet Union is concentrating on building up the industrial installations which the country already has rather than constructing new ones.

12381

CSO: 3639/135

PAPER COMMENTS ON FINANCE MINISTER'S WARNINGS

Oslo AFTENPOSTEN in Norwegian 12 Jul 86 P 2

[Editorial: "Welcome to the Club"]

[Text] According to Finance Minister Gunnar Berge there is little to indicate that most people have realized how serious the situation actually is for the Norwegian economy. His article in AFTENPOSTEN yesterday was an echo of the deep sigh by his predecessor, Rolf Presthus, that only the smallest number understood which national disaster was about to hit us already before the change in government. Presthus can in good conscience welcome Berge to the club.

Yesterday Berge put forward with a wide pen that the Willoch government undertook a "frank and factual analysis of the problems the Norwegian economy had come up against in the spring of 1986 when they presented their supplement to the long-term program". Berge deserves praise for his frankness. But it should be added that already during the budget discussion in the fall of last year the government at the time issued clear warnings, and there was no understanding worth mentioning to be noticed in the Labor Party.

On the contrary, the Socialist parties in cooperation with the Progress Party drove up the expenditures. However, it continues to be better late than never. Now Berge says straight out that there is no room for growth in private consumption in 1987, 1988, or 1989. He further emphasizes that among other things a basis must be established for a "solid, long-term growth in production which is exposed to competition". We, for our part, want to warn the government against relying on the devaluation when it comes to growth-promoting efforts.

It is more important than anything else to keep the price and cost development in check. It should be sufficient to point to the price index which the Statistical Central Bureau published on Thursday. A rise in prices of 1.7 percent from May til June clearly indicates what we can expect in the coming months. Some of this--for the time being--last price jump can of course be explained by higher import prices as a consequence of the devaluation of the kroner'. But neither should one underestimate the price-increasing effects of a gnawing fear of a future price freeze.

It is worse that everything we have so far seen of the retrenchment efforts from the government's side clearly indicates that the lion's share of the so-called tightening will come on the income side in the form of tax increases. There is no longer any disagreement among responsible politicians that the situation is serious.

The dividing lines runs between those who understand that it is now more than ever important to encourage extra efforts on the one side and the Socialist parties on the other side. As we know, in every difficult situation the Labor Party resorts to tax increases as a type of open sesame. The warning words of the finance minister yesterday give every reason to fear that we are facing a re-issue of a tightening arrangement which can only make the situation worse.

12831

CSO: 3639/135

UPWARD TREND SEEN IN EARNINGS, SAVINGS, GOVERNMENT TRANSFERS, DEBT

Lisbon SEMANARIO in Portuguese 6 Sep 86 p 18

[Article by Alvaro Mendonca]

[Text] We are earning more and more, saving more and more, and receiving more and more from the government. This optimistic view comes from the Bank of Portugal in a report comparing our current situation with that of 1958. But, just as every rose has a thorn, we are borrowing and spending more and more too.

Thus private consumption in Portugal jumped from 168 million contos to more than 459.8 million contos between 1958 and last year. When we consider that these figures have already been adjusted for inflation, we can see that our purchasing power is rising higher and higher. That's what the statistics say, despite the fact that our actual experience would seem to refute it.

But if individuals have not managed to triple their spending, it does seem that the government has been a regular spendthrift. Whereas the government was spending 17 million contos prior to the beginning of the 1970's, it now seems to be spending about 10 times that, i.e., 170 million.

As proof of the accuracy of these figures, we have the years 1978, 1983, and 1984 to refresh our memory of the periods of austerity. If we leave out 1962, now ancient history, we see that those three "black" years were the only ones in which private consumption declined relative to the preceding 12-month period.

Taxes to Blame

It is obvious that such a policy presupposes a growth in the earnings of each one of us. To the 26 million contos in wages and salaries paid in 1958 is added a nearly equivalent sum derived from the income of private companies and property. The total amount available, then, was less than 53 million contos--after deducting the nearly 2 million contos that the government takes in the form of taxes.

Dividing this by the nine million Portuguese existing at the time, we come up with an average annual per capita income of about six contos. And we

didn't live badly at all. Remember the little two-escudo steaks and the trolley ticket that cost a half tostao (tostao?)?

Now there are almost 11 million of us, but we receive more than 3.343 billion contos. Which gives each of us an annual per capital income of more than 300 contos (or 25 per month.)

And taxes? That's what spoils things for us, because they have jumped to more than 237 million contos, or to about one-sixth of what we receive in wages and salaries (1.310 billion.) And even so, we are managing to save more than we did 27 years ago (964 million compared with 1958's insignificant 7 million.)

Portugal--The Mediterranean Sweden

Another aspect of the Bank of Portugal study shows how we have become a welfare state, a sort of mediterranean Sweden where the government pays its citizens more and more. In general terms, transfers have risen by 2.5 million contos, to over 466 million. Subsidies have jumped to 150 million from less than one million. It is interesting to note how the government becomes more solicitous during election year. Since 1974, both those categories have risen substantially, especially in election years.

On the other hand, we have reasons to recall with nostalgia past periods of austerity when we didn't owe anything to anyone. To judge by the trend in the interest rates on our foreign debt, some day we will be working only to pay it off.

Let's see: we have gone from a total of 312 thousand contos in interest paid overseas in 1958 to 277 million contos last year. We reached the million point for the first time in 1971 (we don't know whether or not there was any celebration.) In 1977, we would manage to double that figure and then, seven years later, repeat that accomplishment.

12830/12948

CSO: 3542/162

ARMAMENTS INDUSTRY REPORTS SLACKENED DEMAND

Munich SUEDEDEUTSCHE ZEITUNG in German 12 Aug 86 p 21

[Article by ts: "France's Armaments Industry Goes Lame--Decrease in Export Business Forces Cutback in Production"]

[Text] Paris--France's armaments industry, which employs not only 300,000 persons and thus 6 percent of all industrial workers but also 400,000 employees of related suppliers, is seeing its activities slow down after a fairly long period of prosperity. Foreign orders are decreasing and the cutback in expenditures by the French government does not spare the national military budget either. At the present time, there are no indications that the armaments business will improve again soon.

With an 11.5 percent share in the export of weapons and military equipment, France remains in third place behind the United States (36 percent) and the Soviet Union (30 percent), but very far ahead of England (5.7 percent) and the FRG (3.7 percent); however, the total value of these orders will probably shrink further. By 1985, foreign orders from France had already decreased from DM17.9 billion to DM12.9 billion. With these decreases, France is following a world-wide trend; because international weapons sales, which still reached \$40 billion in 1980, have subsequently decreased to \$30 billion.

France's exports of weapons and military equipment are foreseeably being further shrunk by the sharp decrease in income for the oil producers in the Middle East, who were formerly the main customers of the French armaments industry, and by the financial difficulties of some of the highly debt-ridden Third World nations. The French armaments industry fears such a development even more as there reigns on the world market the strong presence of new suppliers such as Spain, Brazil, Israel, and China.

Based upon the current status of domestic and foreign orders, the French armaments industry will have to reduce its total workforce by 30,000 workers, or 10 percent. Reductions in force are already underway at various firms such as the nationalized Aerospatiale, which expects to eliminate 2,400 jobs by the end of 1987. There are to be immediate layoffs of 400 at Constructions Mecaniques de Cherbourg and 2,000 at the Panhard firm. In spite of the loss of export business, France's foreign trade in

military equipment in 1985, with a value of DM11.1 billion versus imports of DM1.51 billion, retained a healthy favorable trade balance of DM9.59 billion. During the past five years aircraft, helicopters, and ballistic missiles represented with 52 percent the major portion of French armaments exports, ahead of weapons and equipment for land forces (35 percent) and ahead of equipment for naval forces (13 percent).

Top production figures for 1985 were achieved by the nationalized firms of Thomson S.A. and Aerospatiale, equal to DM6.29 billion each, with respectively 61.5 percent and 50 percent in export business; by Marcel Dassault with DM4.7 billion (70 percent exports); by Matra with DM1.38 billion (53 percent exports); and by the engine manufacturer Snecma with DM1.1 billion (60 percent exports).

13275/12858

CSO: 3620/796

ALTENBURG SEES DEFENSE BUDGET INADEQUATE TO EFFECT REFORMS

Hamburg DER SPIEGEL in German 15 Sep 86 pp 36-40

[Unattributed article: "Beautiful Plans"]

[Text] As a farewell gesture, Bundeswehr Chief of Staff Altenburg picks a bone with his minister: the Bundeswehr needs more money to implement Woerner's ambitious plans.

The first warning shot sounded on 11 June in the cabinet; the ministers failed to hear it. The second explosion came in a newspaper article; last week it caused the desired uproar in the defense ministry and in the parliament.

The man responsible for the excitement is Bundeswehr Chief of Staff Wolfgang Altenburg, an officer equally respected by the coalition and the opposition. The highest-ranking German soldier calls for greater defense expenditures and voluntary service for women in the Bundeswehr.

Altenburg is not only the top military advisor of the federal government; he is also the defense minister's official in charge of planning. Until now he has loyally supported Manfred Woerner's manpower and military defense plans--frequently against his better judgment. Now, just prior to his reassignment to Brussels as chairman of the NATO Military Committee, he disagrees. He indicates that it is not his fault if all the beautiful plans will fail to come to fruition.

Bundeswehr planning, so lectured Altenburg in last Wednesday's DIE WELT, though accomplished in accordance with the wishes of the chief of staff, is the "responsibility of the political decisionmakers." Even today there are "trends surfacing which we must take into account."

In the second part of his article, published the following day, Altenburg put more coals on the fire. He called for "enlightening the citizenry concerning the forthcoming political machinations for the 1990s."

"This includes," writes the general, "an open discussion of consequences to be expected if necessary decisions on security policy are not made simply for the sake of convenience."

The long-smoldering conflict involving Bundeswehr manpower and financial planning between Altenburg and his minister has thus burst into flames.

In early July, the chief of staff had presented to the cabinet an analysis of the threat posed by the Warsaw Pact. The conservatives were so impressed with it that CDU/CSU Fraction Chief Alfred Dregger recommended that it be read by all Bundestag delegates.

Dregger not only overlooked the fact that the general's presentation had been classified "Secret"; he also failed to notice--along with the members of the cabinet--the conclusion at which Altenburg had arrived: If the Bundeswehr's conventional defense capability is to be improved, as the politicians wish it to be, would they kindly "make the required resources available for this purpose, even if this were to cause a rise in the financial plan ceiling." In other words: Altenburg wants more money.

The administration's draft defense budget nevertheless fell short of Altenburg's wishes. Instead of the DM52.17 billion asked for in the 1987 Bundeswehrplan, there will only be DM51.3 billion--still too much for Woerner's SPD predecessor Hans Apel ("those guys are drowning in money"), but not enough to suit Altenburg. Now he wants to force the politicians to let their big words be followed by deeds. "I have no problem with the word 'appeal,'" says Altenburg.

In September 1983, 5 months after taking office, the chief of staff had written to the minister that despite such measures as an increase in the period of obligatory military service and greater efforts to recruit volunteers, the strength of the Bundeswehr would decline to about 420,000 military in the 1990s: "A change or modification of the present structure is therefore mandatory."

Woerner made a different decision. He was not going to be the defense minister responsible for a shrinking Bundeswehr. No matter what the cost, the strength was to remain at 495,000. Altenburg said nothing.

The cabinet proposal of 11 October 1984 for extending the military service period from 15 to 18 months contained an "option" (on page 8) for "voluntary service by female soldiers." Federal Chancellor Helmut Kohl crossed that passage out. Altenburg said nothing, even though the sophisticated calculations became meaningless thereby.

In fact, to the displeasure of many officers, the chief of staff stated publicly that the defense ministry's plans were "realistic." But in the Military Command Council and in the Defense Committee, he repeatedly indicated his skepticism.

When 2 years ago during a meeting of general officers several officers confronted Altenburg with the statement that the defense ministry plans could never work out, his justification consisted of this question: "Do you think I should have quit over this?"

Altenburg managed to have others bring up his concern that there would not be enough money even for the next few years. Bundeswehr Plan 86 still contained a statement to the effect that the NATO commander-in-chief doubted that the present manpower of the Bundeswehr could be maintained, and that the funds allocated were adequate for modern armament.

By order of the minister, the chief of staff had to use more vague language in Bundeswehr Plan 87--to the effect that note must be taken of the fact that "financial framework" conditions for the West German armed forces had grown "perceptibly worse."

When Manfred Woerner nevertheless persisted in talking about "the best Bundeswehr and the best manpower situation", Altenburg stood by in silence. His loyalty appeared to have no limits.

But even after last week's uproar, Altenburg is confronted by reproach from his comrades that when things were really getting tough, he was bugging out and acting according to the motto "apres moi le deluge." Altenburg defends himself vehemently against such criticism, but with little success--his new assignment in Brussels is not as important as he pretends.

General Gerd Schmueckle, retired, a former NATO deputy commander-in-chief (Europe), reports in his book "Ohne Pauken und Trompeten" [Without Drums and Trumpets] on a talk he had with British Admiral-of-the-Fleet Peter Hill-Norton, one of Altenburg's predecessors: "We fully agreed on one point in advance: the best thing to do would be to disband the NATO Military Committee because of its uselessness, and not to replace it with anything else."

9273/12379

CSO: 3620/2

BORDER GUARD'S SUPER PUMAS TO HAVE GEAR FOR ASW ROLE

Helsinki HELSINGIN SANOMAT in Finnish 5 Sep 86 p 11

[Article by Jyri Raivio: "New Rescue Helicopters Also Search For Submarines"]

[Text] Farnborough--Finland will receive its first effective system for the surveillance of submarines in October of next year when the first of two French Super Puma helicopters ordered last summer is delivered.

It is not the Defense Forces, however, but the Border Guard which will be conducting the surveillance of submarines with the help of helicopters. Its new helicopters will be equipped for this purpose with a French-made depth-finder or sonar equipment, for which the attachment devices will be manufactured at Valmet's Kuorevesi Plant.

The Border Guard has been considered as a suitable organization for the surveillance of submarines for two reasons. Its modern French helicopters procured primarily for sea rescue operations are well suited as carriers for sonar equipment. The present Soviet Mi-8 helicopters, which have been found to be unsuitable for sea rescue operations, would also not have been suitable for the surveillance of submarines.

The Border Guard is also in a better position with respect to searching for submarines for the reason that it has access to the demilitarized Aland Islands. The new Super Pumas, which will be based in Turku, will be recorded in the civilian registry as are the Border Guard's other aircraft. The Aland Islands are off limits to military aircraft.

The transactions for the two Super Pumas, manufactured by Aerospatiale, the French state owned aircraft plant, were concluded in the summer after the approval of the first supplementary budget. Originally, the intent was to purchase the helicopters sooner, but the procurement authorization in the actual budget expired before an order could be placed.

The first Super Puma will be delivered in October 1987 and the second in January of the following year.

Representatives of the manufacturer at the Farnborough Air Show did not want to disclose the price of the two helicopters. Procurement agreements also include an option for two additional helicopters.

If needed, a torpedo weapons assembly can be mounted on the Super Puma for destroying a submarine found with sonar. However, a torpedo unit will not be mounted on the Border Guard's helicopters according to the company's representatives. A model of a Super Puma, which was equipped with the Exocet missiles that became famous in the Falkland war, was on display at Farnborough.

The Super Puma is a very modern two-engine jet helicopter. It is the world's only helicopter approved for instrument flying in freezing conditions at night as well as in the day. The Super Puma has deicing units in the rotor blades, which has been considered to be an essentially important property in Finland's conditions.

If necessary, it can transport even 24 people. For sea rescue purposes the Border Guard's helicopters will be equipped with a winch, which can lift two people or a load of 270 kilos. A total of 350 Super Pumas have been built.

As is often the custom in large transactions of this type, the Border Guard's Super Puma procurement includes a counterpurchase obligation, which is comparable to a sum 1.5 times that of the transaction. Thus this is the amount of new Finnish export products that Aerospatiale has promised to purchase.

This compensation trade obligation is exceptionally large according to the plant. Aerospatiale itself, however, will only deal with one-fifth of it, which also includes Valmet's share. The suspensions for the sonar, which will be manufactured by the French Alcatel Company, will be made at Valmet's Kuorevesi Plant. In addition, Valmet will manufacture certain electronic gear for the new helicopters and will be responsible for their maintenance.

10576

CSO: 3617/169

FRENCH ARMY TO PARTICIPATE IN GERMAN MANEUVERS

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 16 Aug 86

[Article by Th: "French Troops Practice Forward Defense--Maneuvers of the 'Rapid Reaction Force' Planned Near Passau--Three Divisions With 20,000 Men"]

[Text] Frankfurt, 15 August--French troops will participate in German army maneuvers on a hitherto unknown scale. As was just announced, next year for the first time three divisions of the "Rapid Reaction Force" totalling almost 20,000 men will participate in an exercise of the German II Corps. The deployment of these troops in the area between Munich and Passau--much farther forward is hardly possible--also shows symbolically that France does not exclude participation in forward defense. The maneuver is being prepared as a command post exercise for the middle of October 1986. Until now, planning for maneuvers has been based more upon the concept that those units of the French army which have not been integrated into the NATO command structure--II Corps with headquarters in Baden-Baden is in the FRG, I Corps is in northeastern France--would more probably be employed against the Soviet Bloc's "second strategic echelon" or else made available to the "Center Army Group" in Heidelberg as reserve forces.

French participation comes out of an agreement between German Chancellor Kohl and French President Mitterrand. It is now learned that the recently noticed tendency to apply more energy to German-French cooperation "has led to such clear political willingness to cooperate also in military areas that military staffs can hardly still control independent actions." The French units of the First Division in Trier are already participating in brigade strength in the fall maneuver "Fraenkischer Schild" [Franconian Shield] of the German III Corps in Koblenz under Lieutenant General Diedrichs.

From the German side, one points to the services of French generals Houdet (II Corps) and De Llamby (First Army), who have for a long time personally supported close cooperation. During the NATO air maneuver "Central Enterprise" at the beginning of June, an air wing of the French tactical air force participated on a hitherto unknown scale, with approximately 100 airplanes. On the other hand, the hundreds of air operations by the Fourth Allied Air Fleet over northeastern France, with its simulated attacks upon airports, served not only to relieve German air space but also to test the French air defense system, which is with its early warning system

closely interconnected with NATO installations. The French Mirages were supported by American fighter squadrons from the Eifel region.

The French Fourth Airmobile Division (DAM-Division Aeromobile) from Nancy, the Sixth Light Armored Division (DLB-Division légère blindée) from Nimes, and the Ninth Naval Infantry Division from St Malo are all to participate in Bavaria in the 1987 maneuver "Kecker Spatz" [Bold Sparrow] of the German II Corps under Lieutenant General Lange. During a meeting at the end of June, plans which have been in preparation for several months were agreed to in principle by the current Army chiefs of staff, General Sandrart and General Schmitt, for France's side.

Establishment of France's "Rapid Reaction Force" (FAR--Force d'Action Rapide), to which belong both the Arctic-terrain-specialized 27th Mountain Infantry Division in Grenoble and the 11th Airborne Division in southern France as well as command/control troops and a logistic brigade, was noted in the FRG with some concern because they feared a weakening of France's conventional armed forces, which might be called upon for use in Central Europe. The FAR units are different from the three army corps of the First Army in Strasbourg in that they are under the direct control of the army headquarters in Paris. Because the FAR was also designed for overseas use, doubt is cast upon the assurance that France wants to strengthen her military deterrent potential in Central Europe as well. In order to create the French Fourth Airmobile Division (DAM) and the Sixth Light Armored Division (DLB), the former Fourth Armored Division and the Sixth Armored Division were disbanded. Nevertheless, France has used the freed-up tanks and artillery pieces to replenish other units, especially those in the FRG as well.

Leading spokespersons for French defense policies, i.e., former defense ministers Hernu and Quilès and Chief of the General Staff Lacaze, had however indicated that, because of its greater strategic mobility, the FAR would make it more probable that France would go into action early during any conflict in Central Europe. Quilès had during preliminary talks in Germany emphasized that the FAR and the First Army complement each other: "The FAR can intervene either in support of the First Army or independently of it. It can be employed on the flanks of the First Army, in front of it, or behind it; and it can be directed either subordinate to its command or independently." The security of the Federal Republic of Germany would be strengthened by the fact that France is ready to participate in joint defense efforts from the beginning of a conflict. An enemy would have to realize that there would be greater possibility of coming into conflict with the armed forces of a country which has strategic and tactical nuclear weapons at its disposal.

The roughly 6,400-man French Fourth Airmobile Division (General Préaud) is, with its 240 helicopters, an especially mobile unit which can within a few hours be moved to any place in the FRG, in order to block a breakthrough by enemy troops and to attack advancing enemy troops along the flank from a series of ambushes. It is organized into three regiments of attack

helicopters, one regiment with transport helicopters, and a reinforced infantry regiment which is equipped with Milan anti-tank rockets. The Sixth Light Armored Division (General Moreau; he is to be replaced in August by General Favereau), with its 72 newly-developed fast wheeled AMX 10 RC tanks (with 105-mm cannon) and air-transportable artillery, is similarly rapidly deployable and it distinguishes itself through its greater holding power. The roughly 7,500-man unit consists of two armored regiments, two infantry regiments, and one artillery regiment. The Ninth Airmobile Naval Infantry Division (General Poli; famous for the operation in Chad, "Operation Manta"), with three regiments of motorized infantry, one regiment with armored reconnaissance vehicles, and one artillery regiment--altogether some 8,000 men--is however mainly intended for overseas operations; but it is especially suitable for battle in wooded areas or urban regions because of its infantry strength. The FAR, whose activation was decided upon only last year, has taken part in two large maneuvers: the overseas operation together with the navy (Farfadet, June 1985) and the operation against a Central European threat (Fartel, October 1985). In the case of Fartel, there were deployed in the Rhone Valley the Fourth Airmobile Division (DAM), the Sixth Light Armored Division (DLB), the Mountain Infantry Division, and the Airborne Division.

During the planned 1987 maneuver in Bavaria, the exercise will emphasize cooperation with allied military units, in this case the FRG, and the assurance of adequate logistical support. Because the FRG is not in the position, mainly due to completely different equipment, to provide comprehensive Host Nation Support, the FAR will be supplied by the French First Army, to which it would probably be subordinated in case of deployment into Central Europe. It is reported that the detailed planning will be carried out between the German II Corps in Ulm and the Southern Territorial Command and, on the other side, the French First Army.

13275/12858

CSO: 3620/796

ALLEGED STATE DEPARTMENT, PENTAGON CONTROVERSY ON MISSION TO ATHENS

Athens TO VIMA in Greek 14 Sep 86 p 5

[Article by St. Evstathiadis: "Washington Plays 'Games' Before Papoulias Visit"]

[Text] The presence in Greece at this particular time of investigators on military matters under Pentagon auspices "could be misinterpreted in Athens," and therefore, the visit by Messrs Simons and Platt [phonetic]--which TO VIMA had mentioned last Sunday as scheduled for last week--"is being postponed for a time."

The postponement of the visit and of the consequent talks occurred after the direct intervention of "high State Department officials," who were not aware of the visit, according to Washington sources. Messrs Simons and Platt were supposed to conduct their on-the-spot investigation for the Rand Corp., to which the Pentagon has assigned the compilation of a study about the "agreements and defense arrangements of the United States in the region of NATO's southern flank." As TO VIMA had noted last Sunday, the conclusions of the study will surely be taken into consideration in the determination of the U.S. position on the future of the bases in Greece.

The State Department, which is very interested in "avoiding anything that might negatively affect the improvement in Greek-American relations" on the eve of the important talks that will take place in Washington between Ministers of Foreign Affairs Papoulias and Shultz, decided that the visit and the talks to be conducted by the two Rand Corp. executives, as well as a possible reaction in Athens, could create a negative climate just before the meeting of the two ministers; it therefore intervened, asking for the postponement of their visit.

Of course, the postponement of the on-the-spot investigation of the two U.S. specialists does not entail a serious delay in the compilation of the study being conducted by the Pentagon, which is supposed to be completed in the spring. It does, however, add still another "episode" to the confrontation between the State Department and the Pentagon which may have wider repercussions. Informed sources in Washington note that Greece still remains an object of discord between the two departments--State and Defense--with the military asking not only for a "hard line" vis-a-vis Greece, but also setting obstacles to--if not actually proceeding to the essential undermining of--the State Department stance toward the Greek Government, a stance which they consider one of "appeasement and conciliation," believing it to be inadmissible.

Independent Washington sources suspect, for instance, that this mission to Athens of the Rand Corp. executives, which, in effect, is a mission of Pentagon experts, was organized in the full awareness that there could be a reaction even within the Greek Government. The same sources do not hesitate to maintain that "this was exactly what the Pentagon was seeking...."

Informed sources in Washington ascribe to the same "line" of undermining State Department moves the dispatching to Andravida, 2 weeks ago, of a squadron of F-26 aircraft for so-called "maneuvers for fact-finding on general operational conditions." If the information of TO VIMA is correct, "a great deal of commotion and nervousness" was created within the State Department by the news of the dispatch of the F-26 aircraft to Andravida at this particular time, because the competent officials feared that despite the fact that this action is routine, "it could give rise to misinterpretation and exploitation of the event by the anti-American propaganda," thus negatively affecting the "climate."

While noting this type of reaction in Washington, TO VIMA would like to add that other sources, similarly well informed on Greek-American affairs, maintain that this controversy between the Pentagon and the State Department, revolving around the creation of the "right climate on the eve of the Papoulias-Shultz talks" is nothing more than a phase in the well-known "game" played by Washington, on the one hand, it wishes to show that it is conducting a "conciliatory" policy vis-a-vis Greece, while on the other hand, it is exerting psychological pressure and blackmail, a game that is played by the Reagan administration on a wider scale about issues of much greater importance, such as the Middle Eastern one, the problem of Central America, and especially the relations of the United States with NATO member states, or with the Soviet Union.

/9365

CSO: 3521/10

BRIEFS

PYRKAL MUNITIONS SALES QUESTIONED--PYRKAL has left the Greek armed forces without munitions and chose to sell them to foreign countries. This was stated in an interpellation to the minister of national defense by ND deputies P. Panourgias, A. Balkos, Th. Alexiou, A. Papadongonas, H. Fotopoulos, and A. Zaimis. These deputies stated that they are concerned about the reduction of our military stocks. That is why they would like to know: What quantities of munitions were exported, what were the conditions of the sale, from which stocks were they taken and if these quantities were replaced by the PYRKAL company, and when. Moreover, they would like to know whether the PYRKAL has satisfied all its contractual obligations toward the armed forces and if not, what orders have been implemented, which are still pending, and how much money has the PYRKAL received from these orders. Also, what penalties have been imposed on the PYRKAL, for what amounts and what was the delay involved. Finally, what are the measures adopted by the government and the Ministry of Defense against those responsible for the financial failure and the administrative disarray present in the PYRKAL since 1982. [Text] [Athens I VRADYNI in Greek 13 Sep 86 p 3] /9365

CSO: 5321/10

AERITALIA PRESENTS NEW PRODUCTS AT FARNBOROUGH

Genoa IL SECOLO XIX in Italian 30 Aug 86 p 17

[Article: "The Aeritalia Group's Important International Programs"]

[Excerpts] At the Farnborough air show, Aeritalia will display the best of its own production and that of its affiliated companies. Among other items to be exhibited at the Aeritalia Group stand will be the Mirach 100 and Mirach 20, remotely piloted aircraft for reconnaissance and surveillance built by the Meteor company, and the gyroscopic platform of the Mirach 20.

The components displayed at Farnborough will include the Miki armored seat for helicopters, which is made of Kevlar and ceramics and represents, at equal weight, a significant improvement in the passive protection of the crew; the nacelle for the motors of the A-320 Airbus; the weapon dispenser for the Tornado load release; the working cockpit of the AMX and part of the sophisticated cockpit for the EAP, the display unit destined for test trials during the construction of the future EAP.

The AMX, the tactical aircraft built by Aeritalia in cooperation with the Aermacchi company and the Brazilian Embraer company, will be one of the main elements of Aeritalia's participation in the British show. Two models (in 1:5 scale) of the one-seater and two-seater versions will be displayed in the stand. Two prototypes of the AMX will be on static display, and one of these will carry out, for the first time at Farnborough, a flight demonstration.

Also shown will be the G-222 (in its tactical transport version) aircraft's Lapes system, which is used to drop pallet loads from low flying aircraft during military operations or to provide rapid transport of assistance, food, and medicine in areas where aircraft landings are impossible.

With regard to aeronautical engines, Alfa Avio, a company recently acquired by the Aeritalia Group, will present a turbine for T700-401 helicopters, built in cooperation with General Electric and Fiat Aviazione and intended to be installed on, among other aircraft, future Agusta/Westland EH-101 helicopters. Given the operating characteristics of the EH-101, the T700-401 has been designed specifically to perform in the most severe conditions, particularly in the presence of salt corrosion faced by helicopters flying over ocean areas.

8615

CSO: 3528/M256

BRIEFS

DEFENSE BUDGET DOWN--The Hague, 16 Sep--Dutch defence expenditure has been set at 13.66 billion guilders for 1987, compared with 13.77 billion in 1986, Defence Minister Wim van Eekelen's budget memorandum shows. The memorandum shows that although the 1987 expenditure total is slightly lower it actually amounts to a two percent increase in real terms. The lower cash total for 1987 results from the transfer of civil defence expenditure, previously included in the defence budget, to the home affairs ministry budget, the memorandum adds. The policy programme published earlier this year by the new Dutch government said financial constraints would hold the annual increase in defence spending to a real two percent in the period 1987-90. The government had previously stated that from 1987 onwards it planned to meet the NATO target of a three percent real annual increase in defence spending. Dutch defence spending rose by an annual two percent in real terms in the period 1983-86, according to official figures. [Text] [The Hague ANP NEWS BULLETIN in English 16 Sep 86 pp 10-11] /9274

NEW FRIGATE--Vlissingen, 17 Sep--The Dutch Navy today took official delivery of its second and last Jacob van Heemskerck class air defence frigate at a ceremony attended by Defence State Secretary Jan van Houwelingen. The Witte de With, built at the Koninklijke Maatschappij de Schelde (KMS) shipyard is scheduled to become fully operational on April 20 with a crew of 178. The first frigate of its class, the Jacob van Heemskerck, has already entered service. The two may also be used as commando frigates. The new frigates are fitted with Goalkeeper rapid fire gun systems for short-range air defence, the NATO Sea Sparrow and Tartar guided missile systems and torpedo launchers for anti-submarine torpedoes as well as radar deception launcher systems and harpoon weapon systems for surface engagement. The Witte de With is scheduled to sail to Den Helder later this week with a crew of 139 for on-board training. The KMS shipyard in Vlissingen is building two multi-purpose frigates for the Dutch navy. In all the Dutch navy has ordered eight vessels. [Text] [The Hague ANP NEWS BULLETIN in English 18 Sep 86 p 2] /9274

CSO: 3600/1

SEMINAR IN LONDON DISCUSSES PLANS FOR ALLIED REINFORCEMENT

Oslo AFTENPOSTEN in Norwegian 11 Jul 86 P 3

[Article by Liv Hegna: "Great Britain and the Defense of Norway/Northern Flank: Wants to Participate, Lacks Money"]

[Text] Great Britain's clear desire to actively participate in the defense of Norway and the Northern flank can be undermined by a lacking economic ability for the necessary replacement of the amphibious vehicles. As a result, the probability is increasing that the third command brigade, which practices in Norway every year, will be deployed in Denmark instead. However, British military personnel are concerned over the possibility that the Soviets will move the front line to the gap between Greenland--Iceland--Norway.

The question of Great Britain and the defense of the Northern flank was recently discussed at a seminar at the University of London. Defense Minister Johan Jorgen Holst pointed out that a reasonable frequency of an American presence was desirable, but that this had to be done within a pattern where considerations of both deterrent and reassurance count. "A permanent presence of American naval forces is breaking with a pattern of restraint in the North Sea on both sides," Holst maintained.

Against Greenland?

The chief of the British Navy, Sir William Staveley emphasized that if the Soviets are moving the front line forward to the gap between Greenland, Iceland, and Norway, this would mean a defense line closer to Great Britain than the border between the two Germanies. The North Sea is surrounded by NATO countries and must not be permitted to become a "Mare Sovieticum", Staveley emphasized, and he pointed out that Britain and the Netherlands had plans for strengthening the Northern flank with 6,500 personnel, 2,000 vehicles, 10,000 tons equipment und 40 helicopters.

Staveley received the counterargument that these forces can be transported across the Channel and march to Denmark for deployment instead of Norway, if a decision on the replacement of the amphibious vehicles "Intrepid" and Fearless" will not be taken soon. The admiral answered that a study of a replacement program was being undertaken, and that the "future route will be clarified in the course of the current year."

Protection

It was pointed out to AFTENPOSTEN that two thirds of the British/Dutch command brigade must be transported with naval vehicles with the intention of protecting the force and the possibility of a battle command. The rest can be transported on requisitioned civilian vehicles, it was said. Thus, Great Britain's dilemma is the relationship between a desire to participate in the defense of the Northern flank and the economic possibilities for obtaining the necessary equipment. At no time during the seminar was the demand alluded to that Norway should be able to contribute to the maritime forces in this connection. The Norwegian naval defense has also limited its ambitions to keep "life" in our five old frigates which--as the defense commission of 1974 pointed out--will have reached the end of their useful life in the nineties.

Control in the North

In his survey of the military situation on the Northern flank Colonel Jonathan Alford from the International Institute for Strategic Studies emphasized that those who control the North Sea will also have control over the airports in Northern Norway, and that those who manage to get control there will be those who will get there first. And he added that those who reach these airports first must have control over the North Sea. In Alford's opinion, the time factor is critical in this connection, and he added that none of the parties can count on a defensive posture in this region.

In a speech, the chief of the British Defense, Admiral of the Fleet Sir John Fieldhouse, pointed out that the Northern flank is the only important area within the alliance which is divided between a land- and a sea command (European Command and Atlantic Ocean Command). This fact, he felt, should be given great attention. It is possible that Fieldhouse thought of the American Naval Chief, Admiral James D. Watkins, who in a special edition of "US Naval Proceedings" earlier this year pointed out the importance of joint exercises between the navy, air force, and army.

12831

CSO: 3639/135

MILITARY

NORWAY

DEFENSE MINISTRY CALLS MEETING TO DECIDE ON NIKE, HAWK UNITS

Oslo AFTENPOSTEN in Norwegian 11 Jul 86 p 4

[Unattributed report: "Meeting on Air Defense"]

[Text] The Defense Ministry has called the respective organizations and elected representatives to a meeting at the end of August to hear the opinions in connection with the closing down of two NIKE-air defense batteries and the reorganization to HAWK-batteries. In response to an inquiry press spokesman Erik Senstad of the Defense Ministry says that it had not been unnatural for the Supreme Defense Command to have done this already before the proposal for the closing down was submitted to the political leadership: "However, it is absolutely essential that the opinions of the organizations will be available before the matter will be sent to the Storting as a separate proposition some time this fall." In addition, Senstad says that local and community authorities will also be included in the further work concerning the plans for the closing down of the NIKE-batteries, which are the main air defense system for the Eastern part of the country.

12831

CSO: 3639/135

CONSERVATIVES SEEN ISOLATED IN SUPPORTING NATO FORWARD DEFENSE

Oslo ARBEIDERBLADET in Norwegian 4 Aug 86 p 3

[Article by Bjarne Eikefjord: "Conservatives Isolated in Security Policy--Spotlight Security"]

[Text] A debate has emerged between the Labor Party and the Conservatives regarding the security policy and the United States' new naval strategy in the Northern region, most recently manifested in the attacks by Jan Petersen from the Conservatives against statements by Marit Nybakk, Labor Party, in connection with a hearing. Marit Nybakk is certainly able to answer these attacks herself, but in this debate the Conservatives spokesmen and women have shown a lack of historical sense which is only exceeded by Ronald Reagan and his Secretary of the Navy John Lehmann. It is necessary to deal with what have been the corner stones in Norwegian security policy, formulated by the Labor Party 40 years ago and recommended by all parties, including the Conservatives, until recently: Norwegian security policy is based on the principle that the price for an attack is made so high by a national defense together with the guarantees provided by NATO-membership that an attacker will be deterred. At the same time Norway realizes that as a country at the intersecting point between two superpowers it has to conduct itself in such a way that the superpower which is our neighbor should not unnecessarily experience fear from Norwegian territory or the areas around Norway. This goes under the term reassurance, and finds its expression in the basic policy with related self-imposed restrictions together with the recent nuclear policy. To summarize briefly: No foreign forces or nuclear weapons are to be stationed on Norwegian soil as long as Norway is not attacked or threatened by an attack.

This policy has led to low tensions in the Northern areas since the fifties up to now. The problem is that right in the vicinity of Norwegian territory, on Kola, there is the only icefree Soviet harbor with free access to the open sea.

The Soviet Union's increasing global engagement must necessarily result in a build-up of naval and air forces in this area. But, and this is often forgotten in the debates, this expansion is not directed particularly against Norway, but aims at operations in the open sea and possibly other sea areas in the vicinity.

Previous NATO-Strategy

NATO and the United States have made their countermoves against the Soviet naval expansion. The opinion has been to meet the fleet as it passes through the so-called GIUK-line (Greenland, Iceland, United Kingdom, i.e. Great Britain). During the passage here the Soviet fleet would have to leave home waters, and in 1979 former Defense Minister Brown in the United States was very categorical in Congress when he evaluated the possibilities of a Soviet breakthrough: "I cannot see how the Soviet fleet can survive long enough in these waters (where NATO controls sea and air), long enough to inflict any damage of consequence on us." As of now, Brown's assessment has not been refuted by any military expert.

New American Naval Strategy

With the change in the presidency in 1981 a new tone entered American politics. There was a call to fight against "the evil", an armament was started which is unparalleled in peacetime, but worst of all was the total lack of understanding both of the history and the development which has led to today's situation. Secretary of the Navy John Lehmann planned a whole new strategy for the Northern regions. These should no longer be an area of low tensions, but a deployment zone for the United States airforce and the navy in the final strike against the world of evil.

The American fleet should sail into the Barents Sea, defeat the Soviet airforce on the Kola peninsula, destroy the surface fleet and put out of action the strategic submarine fleet the Soviet operates in the area. Thus, with a decisive move the United States would secure total control and the possibility of being able to freely operated inwards over the Soviet mainland with air forces. In a TV-program produced by an American TV company a few years ago, Lehmann himself elaborated on this strategy.

The prerequisite was that aircraft carrier groups, in many contexts called "floating targets" could operate under an umbrella of fighter planes to prevent the Soviet airforce from intervening. What is serious for Norway is the following: These planes would operated from Norwegian airports. Through COB and INVICTUS agreements the United States has created a backing for transferring a large number of planes to Norwegian airports. While this is known in Norway, what is less known is the mission the planes would have. Lehmann himself provides the answers in the program: "The airplanes are to overcome the Soviet airforce on Kola, the airforce and naval bases in the same location and provide remote cover for the fleet forces out at sea."

Together these efforts show that the United States wants to fight out the decisive naval strike in the third world war off the coastal areas of Norway. The consequences will be that Norway from being an area of low tension will become one of the most sensitive areas in a conflict between the superpowers. This is in conflict with the policy which has led Norway from 1950 to today, and there is therefore reason to ask whether this is the development the Conservatives want.

Consequences

The low tension policy which is being conducted, has not led to Norway getting into some type of vassal situation towards the Soviet Union compared to Eastern Europe, as some have feared. Not once were we treated from the Soviet side the same way the United States is treating their neighbors in Latin America, in spite of the fact that Norway never had any local military balance of power with the Soviets. This despite an increasing Soviet global engagement with its starting point on the Kola bases.

Therefore, the new naval strategy is also being met with sharp criticism since it breaks with the low tension policy. Admiral Mansfield-Turner characterizes it as insanity which could have tremendous consequences if the Soviet pick up the gauntlet and increase the armament in the Northern region. American military experts and military personnel are saying straight out that the response will have to be a strong Soviet armament. Just like what Marit Nybakkk and others have maintained.

However, critical voices can also be heard among the Conservatives. On 3 Jan 1986 Arne Olav Brundtland wrote in AFTENPOSTEN that an increased American fleet presence in the area can appear logic from a military point of view, but must also be evaluated from other aspects. And thereafter he is posing the question whether it will not mean strong Soviet countermeasures. "An arms race can be necessary to gain a certain necessary minimum, but beyond that the advantages can quickly become less and the stability can be weakened," says Arne Olav Brundtland.

As early as in 1979 John C. Ausland warned against tampering with the basic policy and its principle. AFTENPOSTEN, 31 Jan: "The question whether the Soviets will attack Norway in a conflict with NATO will depend on what threat these (NATO's airports in Norway) constitute."

Even former Defense Minister Andres C. Sjaastad raised his index finger when he was a researcher and not a politician, when he wrote in 1977 that an increase in the deterrent in the Northern areas could be a potential conflict-causing factor, particularly with allied participation. If only these reasonable thoughts from Sjaastad and Brundtland would be reflected among today's aggressive Conservatives.

12831

CSO: 3639/143

DEFENSE MINISTER REJECTS IDEA OF EXTRA FUNDS FOR MINESWEEPERS

Oslo AFTENPOSTEN in Norwegian 9 Jul 86

[Article by Liv Hegna: "Minesweepers Must Be Built Within the Regular Budget"]

[Text] Tomorrow the bid for the pre-planning of new mine vehicles are to be submitted to the supply command of the navy. Defense Minister Johan Jorgen Holst tells AFTENPOSTEN that no separate funds were obtained for the acquisition of this type of vehicle, which naval military leaders describe as currently the most acute problem in the Navy. Holst confirms that it will be a matter of setting priorities within a regular acquisition plan.

A replacement of mine vehicles is considered absolutely necessary if one is to succeed in bringing supplies and reinforcements from Southern Norway to Northern Norway in case of an outbreak of war and during a war. The Soviet Union has increased considerably its capacity for placing mines. It is in this context that the attempts must be seen to get the United States to "play the enemy" during an exercise in 1987. Then, it is hoped to get American B-52 bombers to carry out such mining operations which the Soviet Union must be expected to perform in Norwegian waters during a war.

Loan

The Inspector General of the Navy has tried new and original routes to obtain funds for a new mine vehicle project. This is recommended by the defense chief. The matter has been sent back and forth between the Supreme Command of the Defense and the Defense Ministry several times during this spring. The Inspector General suggested among other things to borrow the money for the financing. Since he did not submit any proposal for savings on other budget items, the non-Socialist government decided not to accommodate his wishes. This was followed up by cabinet minister Holst, who is now implementing the intentions of the previous Defense Minister Anders C. Sjaastad to build--and to build in Norwegian shipyards.

The defense minister indicated that both French, Swedish, and Norwegian shipyards have been asked to bid on the planning of the ships.

In the next round, the construction bid will go out after the Navy supply command has evaluated the plans. Holst confirms to AFTENPOSTEN that the construction of 10 vehicles will be involved, four of them being minesweepers

and six mine hunting ships. The cabinet minister rejects the possibility of Norwegian authorities being able to come forward with special employment funds in order to help Norwegian shipyards in this connection. According to Defense Minister Holst the whole expenditure of two billion kroner must go through the regular defense budget.

12831

CSO: 3639/135

ARMED FORCES COMMANDER REPORTS ON AIR-TO-AIR MISSILE COST

Stockholm DAGENS NYHETER in Swedish 22 Aug 86 p 10

[Article by Sven Svensson]

[Text] It will cost a couple of billion kronor over a 10-year period to produce a Swedish all-weather missile for the JAS Gripen warplane. That is the preliminary conclusion reached by OB [Commander in Chief of the Armed Forces] Lennart Ljung, according to a report presented to the Military Council's advisory committee on Wednesday. That cost will be in addition to the appropriations requested by the OB earlier in his program plan.

The JAS Gripen's missile armament will be the most important issue on which the Committee on National Defense will be compelled to take a stand in the next few months. The committee's report must be ready before the end of the year, otherwise it will not be possible to stick to the timetable.

The military leadership is working with three different missile alternatives for arming the JAS Gripen. Those alternatives are to buy a U.S.-made missile, to concentrate on the AMRAAM, which is also an advanced U.S. missile of medium range, or to produce a Swedish missile.

If the Swedish missile industry is to survive, it is absolutely necessary to invest in a new missile version that can be guided at long distances and used against low-altitude targets.

The cost of designing and manufacturing a Swedish missile for the JAS Gripen is not included in the program plan for the 1987-1992 5-year period as presented by the OB. The cost has been estimated roughly at a couple of billion kronor over a 10-year period. That would mean approximately 200 million kronor per year during the coming 5-year period.

The intention is that the government will receive the OB's missile report sometime around 1 October. This means that the Committee on National Defense will not have much time in which to make one of the most important decisions affecting the production of war materiel in Sweden.

In principle, there are two different types of missile: one radar guided and the other heat guided. Sweden can scarcely expect to produce completely new missiles. Instead, it must try primarily to concentrate on individual components such as homing devices and various warheads, possibly in cooperation with some other country.

11798

CSO: 3650/303

LIBERAL PARTY DEFENSE SPOKESMAN CRITICIZES ARMY CHIEF

Stockholm DAGENS NYHETER in Swedish 6 Sep 86 p 2

[Editorial: "Listening to the Army's Critics"]

[Text] It might be viewed as a breach of etiquette when a politician and a high-ranking military man let their internal conflict come before the public. Accusations by the Liberal Party's defense expert, Hans Lindblad, that the Army commander in chief, Erik G. Bengtsson, used misleading cost estimates and bluffed the politicians were indeed to be found in a memo that was distributed to the members of the Defense Committee. But Lindblad very probably expected that such sharp wording as "a horrible example of fraud on the part of an administrative agency" would not remain within a restricted circle.

The function of a breach of etiquette can be to set a debate in motion when all other means have turned out to be impracticable. The basic question in this case is whether Lindblad can provide solid proof that the Army commander in chief did indeed manipulate information for the purpose of inducing the politicians to abandon the idea of "continuous" conscript training that had been recommended earlier by the Conscript Training Committee (VK-83).

For his part, the Army commander in chief ought to explain why, as an alternative to "continuous" training, he came to recommend "layered" conscript training by different branches of the service in one place, an idea which, on closer examination, turned out to be ill founded. It would also help clear the air if outsiders had the opportunity to examine the unpublished cost estimates underlying the Army commander in chief's information that "continuous" training would require an additional 700 NCO's, since the purpose of VK-83 was, on the contrary, to make training more efficient.

Under any circumstances, it is disturbing that Army Headquarters has been so unwilling up to now to acknowledge shortcomings and bad conditions within its own bailiwick. In a series of critical Op Ed articles, Lieutenant General Carl Bjoreman, commander of the Southern Military Command, complained that the performance of the Army's brigades can scarcely be regarded as consistently "acceptable," as the OB [supreme commander of the Armed Forces] claims in his program plan. Bjoreman sees that idealized description as having come from the Army commander in chief, who was allowed by the OB to

interpret reports from the commanding generals of the military commands concerning exercises and inspections "in his own way."

Bjoreman's conclusion is that the shortcomings in training and joint exercises are covered up when the producer--rather than the consumer--is allowed to evaluate the product. He is not alone in his opinions: weighty criticism was expressed earlier by Lars-E. Englund, the new commanding general in Upper Norrland.

It is scarcely surprising that to some extent, the critics of Army Headquarters should have varying views on the proper remedies. To a man, the military stand behind the OB's request for an annual 3-percent increase in funds--a request that seems unlikely to get political support. Even so, a great many of Carl Bjoreman's recommendations could be implemented even after the appropriation increases. For instance, the Army--following the example of what has already happened in the Navy--could extend the length of basic training in exchange for shorter refresher courses, which might, however, come closer together following the first period of service. It should also be possible to a larger extent to let promotions be decided by the need for officers in the wartime units and to reduce movement between units and central staffs.

Only by demonstrating a willingness to reform the Army can the military leadership convince people of its ability to use higher appropriations to produce a real strengthening of its capability. It is quite understandable that defense politicians such as Lindblad should feel called upon to get involved in details when those most responsible regard demands for structural changes as inconvenient and prefer to use the need for larger appropriations as an excuse. But even after additional funds are provided, a qualitative improvement in both training and equipment can scarcely be produced without reducing manpower at the same time.

It is therefore regrettable that the party spokesmen on the Defense Committee, using attrition as a pretext, have committed themselves at least tentatively to keeping the existing peacetime units in the Army during the coming 5-year period, especially since the so-called conscript hump--those waiting to fulfill their first period of service--is not going to be used up at the planned rate in any case. Much more extensive and painful cutbacks in the number of units may then become necessary in the 1990's. Financial scope will also have to be provided in the 1992 defense decision for procurement of a new generation of tanks--one of the most far-reaching investment decisions ever made by the Army.

Then, if not before, it will be seen how difficult it is to make up for lost time. The Navy, which has learned from its long drawn-out job of making up for a little over a decade of neglect, ought to have a great deal to tell us about that.

11798
CSO: 3650/306

ARMED FORCES REVEALS PLAN TO STEM OFFICER DRAIN

Stockholm DAGENS NYHETER in Swedish 6 Sep 86 p 8

[Article by Anders Ohman]

[Text] The Armed Forces are going to concentrate on increased satisfaction and modern command training so that personnel will be happier and stop resigning early. The OB [supreme commander of the Armed Forces] has come up with a personnel policy program known as "Personal Quality." It contains a number of key words such as "effectiveness," "activity leadership," and "individual attention."

One of the questions put to Brigadier General Bernt Osth, the Defense Staff's personnel chief, at Friday's press conference was this: "But aren't those obvious requirements in an organization that will lead Sweden in a wartime situation?"

Everything Like New

"If we succeed in making only a small change for the better, it will feel as though everything is new," said Bernt Osth, and he admitted that the Armed Forces had taken a look at the SAS [Scandinavian Airline System] and other firms and government agencies that have succeeded in improving internal satisfaction and making their organizations more effective.

"Everyday satisfaction" and "personal quality" are what the military are talking about at present.

A high level of absenteeism, for example, may be due not only to sickness but also to dissatisfaction and other factors. Increasing motivation at the workplace causes absenteeism to decline. Eight government agencies with a total of from 3,000 to 4,000 employees have saved about 30 man-years since the introduction of measures to increase satisfaction, according to a survey carried out by the Armed Forces Civil Administration.

As one result of the OB's satisfaction program at the unit level, an Army kitchen can compete to become the best field kitchen.

Better Service

A captain in a Coast Artillery unit can get better service by establishing new contacts with the supply depot, and simultaneously, the supply personnel will gain a new understanding of their own importance to troop activities. A unit's kitchen personnel can visit a gunnery exercise in the field so that later, they will be better motivated to get the grub out to the unit involved in the exercise, and so on.

Bernt Osth said: "It may be progress in the little everyday things that can change the situation for the better."

The OB also wants a discussion of the command role.

"Being a commander in the military is to be a challenge," said Bernt Osth.

"The commander exercises his leadership through action to coordinate efforts by individuals to accomplish a task. The impetus comes from the commander himself, from others, or from the situation. The commander's decision on how he will act depends on how he interprets the situation. The quality of leadership is reflected in the effectiveness of the unit being led."

So reads the preface to a new book entitled "The Commander and Leadership" that was produced by a task force under the Army commander in chief.

The OB's "satisfaction drive" is to be viewed against the background of the tight personnel situation in the military, where large numbers of career officers are resigning early. The OB estimates the current shortfall at 600 officers.

A comprehensive social program and better pay conditions are designed to induce the personnel to stay where they are. For example, the Armed Forces are getting involved in child care. In Boden, the regiment pays for the premises, and the municipality pays the staff, in exchange for which 18 places are reserved for the military.

The OB also intends to try to help the relatives of officers and NCO's find jobs at a new post. Most career military are married to women or men who work in the public sector. It will also be easier for officers to spend their careers in their home districts. About 2,000 career officers in the Armed Forces are transferred every year: 1,500 transfer to different training institutions, while 500 are moved to different units. Those transfers place great social strains on family life.

11798

CSO: 3650/306

STRESS, CARELESSNESS TIED TO SERVICE ACCIDENT INCREASE

Stockholm DAGENS NYHETER in Swedish 6 Sep 86 p 8

[Article by Bengt Falkloo]

[Text] Stress, carelessness, and failure to observe safety regulations were what caused most of the 1,550 accidents that occurred in the Armed Forces during the past operating year.

There are rules against most things, but not against situations in which stupidity gets the upper hand, says the Army Staff.

The Army commander in chief, General Erik G. Bengtsson, takes a very serious view of the latest accident statistics and is sending out new orders and directives to all of the country's Army units.

Accidents involving weapons were up from 100 to 164 during the past operating year, and in 9 cases out of 10, the weapons were not being handled correctly.

"Sometimes people don't believe things are real," says Arne Hjelm of the Equipment Department. "They throw cartridges into the tent heater, or they throw cartridge boxes they think are empty into the fire."

Signaling Shot

"Or someone will pick up a signaling shot when the rules say it should be hung on a tree. Instead of that, he cuts it open and pours out the powder, which he lights with a cigarette lighter. Then he has no eyebrows for a month."

"Conscripts take powder from three cartridges and stuff it into one cartridge. Then they insert the cartridge in the weapon and fire it off. If they are lucky, all they get is a destroyed weapon."

Nothing can be done about such accidents except to tighten up the regulations and beef up safety training.

Traffic accidents were also up from 293 to 340, and 15 people died, 2 while on duty and 8 while off duty.

Injured Teeth

Tooth injuries were down to 144, however, for a decrease of 17.

"This kind of accident usually happens when a man carrying his weapon across his stomach stumbles and is unable to break his fall with his hands. Or someone will yell to a buddy, who then turns around. And his weapon is on his back at mouth level."

There were 68 cases of frostbite, or 25 fewer than before, but in this case, it is thought that the milder winter contributed to the decline.

"Stress and carelessness are the most common causes," says Arne Hjelm. "There is nothing wrong with the instructions--there was one book on safety 15 years ago, and now we have three. But if people don't follow the books, or if they come up with their own smart ideas, there is nothing we can do about that."

"But we do not like it when people who work for us get hurt, and neither do their moms and dads."

Responsibility

Arne Hjelm says it is the Army's "damned responsibility as an employer" to see to it that the number of accidents is reduced.

"But we are not giving up: we are going to reduce those figures."

The orders issued to the Army units emphasize that three kinds of injury cannot be repaired completely.

They are tooth injuries, damaged hearing, and frostbite.

"We don't really know what this costs, but we do know that just repairing damaged vehicles comes to almost 100 million kronor per year. You just can't measure the cost of repairing an injured human being."

Well Trained

Gen Bengtsson now says that all commanders are to see to it that the personnel are trained. They must also make sure the regulations are being followed and set a good example themselves.

"In addition, I want a written report on the measures that are taken when the regulations have not been followed and the way those measures are carried out. Further, I want to receive a plan showing what is being done to reduce the number of accidents and near accidents in the future."

11798
CSO: 3650/306

BRIEFS

SUBMARINE SEARCH OFF GOTLAND--Slite (TT)--The crew of a Gotland fishing boat reported on Tuesday evening that it had seen what could have been a foreign submarine between Ostergarn and Slite off Gotland's east coast. According to the Defense Staff, the military sent out "available resources" to search for the suspected submarine, but it declined to specify what those resources were. "The resources for antisubmarine operations are spread out, as you know," said a source at the Defense Staff's Information Department. "We are taking this report very seriously, but we wish to emphasize that it is only one report among many others." According to the TT's sources, the fishing boat's crew saw masts and the swell of waves from the suspected submarine, but the Defense Staff has declined to confirm that report. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 27 Aug 86 p 6] 11798

CSO: 3650/303

MILITARY PROMOTION LIST RELEASED

Istanbul CUMHURIYET in Turkish 6 Aug 86 p 10

[Text] The Supreme Military Council retired the commanders of the Air Force, Navy and the Gendarmerie. In line with the Council decision, ratified by the president of the republic, the commanders of the 2nd and 3rd Armies were replaced while the commanders of the 1st and the Aegean Armies remained in their posts. In line with the Council decisions, in effect from 30 Aug onwards, 29 generals and admirals were promoted a rank higher, and 42 colonels were promoted to general and admiral. While the waiting period of 25 generals and admirals were extended for one year, 39 generals and admirals were retired due to a lack of appropriate slots in the hierarchy positions.

The retiring Air Force commander Gen. Halil Sozer is replaced by Gen. Cemil Cuha. Gen. Emin Goksan replaces Gen. Zahit Atakan as commander of the Navy. The retiring commander of the Gendarmerie Gen. Fikret Oktay was replaced by the commander of the 2nd Army, Gen. Adnan Dogu. Gen. Necip Toruntay, deputy chief of the general staff; Gen. Recep Ergun, commander of the 1st Army; and Gen. Kemal Yamak, commander of the Aegean Army had their tours of duty extended for one year. Gen. Burhanettin Bigali, former permanent undersecretary of the National Intelligence Organisation (NIO), was appointed as commander of the 2nd Army vacated by Gen. Adnan Dogu the new commander of the Gendarmerie. It is not clear who will replace Gen. Bigali as permanent undersecretary of NIO. While the NIO has been usually headed by a Lieutenant-General in line with the conditions set out during the 12 Sep period there are indications that this time the position will be filled by a high-ranked civilian bureaucrat from inside the organisation.

While Gen. Husnu Celenkler, former commander of the 3rd Army, was appointed as secretary-general of the National Security Council (NSC), the newly promoted Gen. Sabri Yirmibesoglu was

brought in to replace him. Secretary-general of the NSC Adm. Orhan Karabulut replaced Adm. Emin Goksan as commander of the Fleet, with Adm. Goksan becoming the commander of the Navy.

Gen. Dogan Gures remained as commander of the War Colleges. While Lt. Gen. Hayri Undul was retired, Lt. Gen. Asir Ozozor was appointed commander of 7th Corps in charge of the martial administration in the Diyarbakir - Mardin - Siirt - Hakkari - Van provinces.

Gen. Safter Necioglu was brought in to head the Control and Evaluation Section of the General Staff.

Promoted One Rank Above

The list of generals, admirals and colonels promoted one rank above, reported from the Secretariat of the General Staff, is as follows:

Ground Forces Command

Lt. Generals promoted to General: Sabri Yirmibesoglu, Burhanettin Bigali.

Maj. Generals promoted to Lt. General: Esref Bitlis, Kemal Yavuz, Ersen Kayra, Yasar Kok, Hikmet Bayar.

Brig. Generals promoted to Maj. General: Cumhur Evcil, Huseyin Cevizoglu, Selcuk Saka, Fikret Ozden Boztepe, Ismail Ozkan, Ahmet Basyurt, Atilla Ates, Erol Ozalp, Esref Haskiris, Cemil Ozer, Cevat Ulkekul.

Colonels promoted to Brig. General: Infantry Staff Col. Edip Baser, Infantry Staff Col. Ali Yalcin, Artillery Staff Col. Ali Ihsan Turkkan, Infantry Staff Col. Tamer Akbas, Artillery Staff Col. Erdinc Demirbilek, Communications Staff Col. Kemal Erdogdu, Comm. Staff Col. Erdine Ture, Comm. Staff Col. Sedat Metin, Artillery Col. Kaya Ozesen, Infantry Staff Col. Aytac Yalman, Artillery Pilot Col. Sitki Koca, Infantry Col. Onder Surel, Artillery Staff Col. Hilmi Cengiz, Engineers Staff Col. Abdurrahman Saral, Comm. Col. Zeyyat Uran, Infantry Col. Turhan Erdem, Comm. Staff Col. Halil Sezal, Comm. Staff Col. Turgut Nasun, Infantry Staff Col. Aydin Ecer, Comm. Staff Col. Erdogan Ergenekon, Medical Staff Colonel Serif Sabuncu, Engineer Col. Ihsan Isak, Finance Col. Abdurrahman Karabulut, Engineer Col. Recai Onder, Supplies Col. Tacettin Senova.

Naval Command

Rear Admiral promoted to Vice Admiral: Yilmaz Dogrusoz.

Commodores promoted to Rear Admiral: Erdine Yalciner, Cetin Ersari.

Captains promoted to Commodore: Bulent Alpkaya, Aykut Uras, Ilker Guven, Onder Uzan, Okan Unal.

Air Force Command

Lt. General promoted to General: Safter Necioglu.

Maj. Generals promoted to Lt. General: Halis Burhan, Ahmet Corekci.

Brig. Generals promoted to Maj. General: Lutfi Akdemir, Ergin Celasin, Erdogan Oznal, Fahrettin Goker.

Colonels promoted to Brig. General: Vural Sezer, Orhan Kose, Erol Olcay, Ayhan Gel, Ayhan Sohta, Ergin Onur, Ozkan Kaya, Ozden Sandikci.

General Command of the Gendarmerie

Brig. General promoted to Maj. General: Saim Kelestimur

Colonels promoted to Brig. General: Yalcin Erten, Recai Ugurluglu, Bulent Caglayan.

Military Court of Cassation

Colonel promoted to Brig. General: Judge Col. Ismet Onur.

Tours of Duty Extended

The generals and admirals whose tours of duty have been extended for one year:

Ground Forces Command: Lt. Gen. Nazif Oka, Lt. Gen. Muhittin Fisunoglu, Brig. Gen. Cengiz Arpag, Brig. Gen. Ahmet Demiral, Brig. Gen. Ahmet Dolgen, Brig. Gen. Sebati Asarkaya, Brig. Gen. Sitki Sunday Orun.

Naval Command: Vice Adm. Irfan Tinaz, Rear Adm. Mustafa Turuncoglu, Rear Adm. Nazif Iseri, Commodore Salim Dervisoglu, Commodore Sevket Gucluer, Commodore Tanju Erdem.

Air Force Command: Lt. Gen. Bulent Tulunay, Maj. Gen. Selahattin Kavustu, Brig. Gen. Kamil Aydin, Brig. Gen. Ozdemir Erkal, Brig. Gen. Ergun Selirgen.

Gulhane Military Medical Academy Command: Maj. Gen. Necati Kolan, Brig. Gen. Omer Sarlak, Brig. Gen. Cengiz Alp, Brig.

Gen. Cevdet Demirkol, Brig. Gen. Celalettin Yazgan, Brig. Gen. Sevkett Akpinar.

Retired

Ground Forces Command: Irfan Yay (Lt. Gen.), Fuat Avci (Lt. Gen.), Mustafa Odaman (Lt. Gen.), Hayri Undul (Lt. Gen.), Ozdemir Kandemir (Maj. Gen.), Ekrem Dinc (Maj. Gen.), Suat Eren (Maj. Gen.), Suleyman Golcu (Maj. Gen.), Fuat Senel (Maj. Gen.), Sedat Semerkan (Maj. Gen.), Sedat Tokgoz (Maj. Gen.), Yilmaz Tezkan (Brig. Gen.), Fuat Ersoy (Brig. Gen.), Hilmi Sengun (Brig. Gen.), Ahmet Cakiroglu (Brig. Gen.), Metin Okcu (Brig. Gen.), Abdullah Oztekin (Brig. Gen.), Hasan Satir (Brig. Gen.), Kamil Onceler (Brig. Gen.), Hilmi Yavuzer (Brig. Gen.), Mecdet Bozkurt (Brig. Gen.), Numan Zihnioglu (Brig. Gen.).

Naval Command: Zahit Atakan (Adm.), Sadun Ozturk (Rear Adm.), Riza Nur Oncul (Commodore), Cetinkaya Apatay (Commodore).

Air Force Command: Halil Sozer (Gen.), Kemal Yalcin (Lt. Gen.), Necdet Gencaslan (Maj. Gen.), Sekip Gurler (Brig. Gen.), Remzi Sener (Brig. Gen.), Ilhan Dogan (Brig. Gen.).

General Command of the Gendarmerie: Fikret Oktay (Gen.), Kemal Sever (Maj. Gen.), Remzi Gokseven (Brig. Gen.), Orhan Akinalp (Brig. Gen.).

12466
CSO:3554/171

ENERGY CONSUMPTION DECLINED FIRST HALF OF 1986

Helsinki HELSINGIN SANOMAT in Finnish 5 Sep 86 p 35

[Article: "Energy Consumption Declined in First Half of Year"]

[Text] In the first part of the year energy consumption was 3 percent less than for the same period last year. The energy needs of the forest industry declined the most, which was the consequence of a recession and strikes.

Also slightly less electric energy was consumed in January--June than during the same period last year. According to the Ministry of Trade and Industry, the 1-percentage point drop was the result of strikes in the spring, mild weather, and the slow growth of industrial production in the beginning of the year.

According to the ministry's energy report, electric consumption turned upward again in the summer.

The use of energy by transportation increased radically. Automobile traffic increased approximately 10 percent, and gasoline consumption increased by nearly the same amount. The price per liter of gas paid by the consumer dropped 70 pennies in the beginning of the year.

The real prices of liquid fuels have now fallen to the level before the first oil crisis. Thus prices are at the 1972 level.

According to the Ministry of Trade and Industry, the price drop in liquid fuels was greater than could be expected in the spring. Consumers have also been able to take advantage of the low prices. Gasoline sales have increased, oil heating is an option again, and major consumers are considering the use of oil instead of solid fuels.

Import Bill Is Less

The use of electricity by households decreased slightly, which was the result of a decreased need for heating.

The imported energy bill in the first part of the current year was one-third less than a year ago. The bill for imported energy was 6.2 billion markkaa.

The drop was the result of the weaker dollar as well as of the continuing decrease in the price of crude oil.

The cost of imported energy has fallen off an average of approximately 40 percent. Imported energy made up only 17 percent of total imports while in recent years it has customarily comprised approximately one-fourth of the total.

10576

CSO: 3617/169

BRIEFS

DEI LOAN--Yesterday in London Public Power Corporation [DEI] Chairman and President Dim. Mavrakis signed a loan agreement for 160 million dollars with a group of foreign banks represented by the Chase Manhattan Bank N.A. London. The loan will be used partly for financing DEI investments in 1986. The loan will be repaid in 8 years with a grace period of 4 years and at a rate of 0.25 percent over the London interbank rate (LIBOR). The loan's favorable terms--states a DEI announcement--and its prompt over-subscription show DEI's credit ability as well as that of the country in the international capital market. [Text] [Athens I KATHIMERINI in Greek 17 Sep 86 p 7] 7520

CSO: 3521

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